

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to the nomination? Without objection, the nomination is confirmed.

TENNESSEE VALLEY AUTHORITY

The Chief Clerk read the nomination of Arthur E. Morgan, of Ohio, to be a member of the board of directors of the Tennessee Valley Authority for the term expiring 9 years after May 18, 1933.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

ASSISTANT SECRETARY OF THE TREASURY

The Chief Clerk read the nomination of Thomas Hewes, of Connecticut, to be Assistant Secretary of the Treasury.

Mr. COUZENS. Mr. President, Mr. Hewes' name was reported from the Senate Committee on Finance when I was attending one of the sessions of the committee holding the Morgan investigation. Afterward I saw the chairman of the Finance Committee, and he said he would arrange through the junior Senator from Connecticut [Mr. LONERGAN] to have Mr. Hewes appear before the committee to be examined as to his prior connections. The junior Senator from Connecticut submitted a memorandum giving the history of Mr. Hewes, and said that later he would furnish me with a list of clients Mr. Hewes had had before the Bureau of Internal Revenue during the last 3 or 4 years. As the junior Senator from Connecticut is not here, I ask that the nomination go over until that list is furnished.

The PRESIDING OFFICER. Without objection, the nomination will be passed over.

COMMISSIONER OF INTERNAL REVENUE

The chief clerk read the nomination of Guy T. Helvering, of Kansas, to be Commissioner of Internal Revenue.

Mr. LONG. Mr. President, I understand the Senator from Delaware [Mr. HASTINGS] is to be absent after tomorrow. I understood the Senator from Oregon [Mr. McNARY] to state that the reason for taking up the Helvering nomination was that the Senator from Delaware would not be here tomorrow.

Mr. HASTINGS. I expect to be away after tomorrow or the next day.

Mr. LONG. I suggest that we consider the Helvering nomination first tomorrow when we take up the Executive Calendar.

Mr. McKELLAR. Mr. President, I see no reason for doing that.

Mr. LONG. We want to get through with it.

Mr. McKELLAR. But the other nominations preceding it will not take a great while.

The PRESIDING OFFICER. The nomination will be passed over.

THE JUDICIARY

The Chief Clerk read the nomination of Richard Curd Pope Thomas, of Kentucky, to be district judge of the Canal Zone.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of William Thomas Collins, of Missouri, to be clerk of the United States Court for China.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

That completes the calendar.

The Senate resumed legislative session.

RECESS

Mr. ROBINSON of Arkansas. Mr. President, in accordance with the order heretofore entered I move that the Senate take a recess until 10 o'clock tomorrow morning.

The motion was agreed to; and (at 6 o'clock and 25 minutes p.m.) the Senate, under the order previously entered, took a recess until tomorrow, Wednesday, May 31, 1933, at 10 o'clock a.m.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 30 (legislative day of May 29), 1933

ASSISTANT SECRETARY OF THE TREASURY

Stephen B. Gibbons to be Assistant Secretary of the Treasury.

DISTRICT JUDGE OF THE CANAL ZONE

Richard Curd Pope Thomas to be district judge of the Canal Zone.

MEMBER, BOARD OF DIRECTORS, TENNESSEE VALLEY AUTHORITY

Arthur E. Morgan to be member, board of directors, Tennessee Valley Authority.

CLERK OF THE UNITED STATES COURT FOR CHINA

William Thomas Collins to be clerk of the United States Court for China.

SENATE

WEDNESDAY, MAY 31, 1933

(Legislative day of Monday, May 29, 1933)

The Senate met at 10 o'clock a.m., on the expiration of the recess.

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Byrnes	Gore	McGill
Austin	Caraway	Hatfield	Robinson, Ark.
Bachman	Coolidge	Johnson	Sheppard
Bratton	Erickson	Logan	Thomas, Utah
Brown	Fess	Loneragan	Thompson
Bulow	Frazier	McCarran	Walsh

Mr. FESS. I desire to announce that the senior Senator from Oregon [Mr. McNARY] is detained from the Senate this morning on official business. He will be in the Chamber later in the day.

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from Illinois [Mr. DIETERICH] is necessarily detained from the Senate.

I also wish to announce that the Senator from Nevada [Mr. PITTMAN] is necessarily absent on official business.

I desire further to announce that the Senator from North Carolina [Mr. BAILEY] and the Senator from South Carolina [Mr. SMITH] are necessarily detained from the Senate on official business.

Mr. FESS. I desire also to announce that the Senator from Pennsylvania [Mr. REED], the Senator from Delaware [Mr. TOWNSEND], the Senator from Maryland [Mr. GOLDSBOROUGH], the senior Senator from Rhode Island [Mr. METCALF], the junior Senator from Rhode Island [Mr. HEBERT], the Senator from Oregon [Mr. STEIWER], the Senator from Connecticut [Mr. WALCOTT], and the Senator from New Hampshire [Mr. KEYES] are detained from the Chamber on official business.

The VICE PRESIDENT. Twenty-four Senators have answered to their names. There is not a quorum present. The clerk will call the names of the absent Senators.

The legislative clerk called the names of the absent Senators, and Mr. BORAH, Mr. COPELAND, Mr. DICKINSON, Mr. HALE, Mr. McKELLAR, Mr. OVERTON, Mr. POPE, Mr. TRAMMELL, and Mr. VANDENBERG answered to their names when called.

The VICE PRESIDENT. Thirty-three Senators have answered to their names. There is not a quorum present.

Mr. ROBINSON of Arkansas. I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The motion was agreed to.

The VICE PRESIDENT. The Sergeant at Arms will execute the order of the Senate.

Mr. BLACK, Mr. PATTERSON, Mr. STEPHENS, Mr. HASTINGS, Mr. WHITE, Mr. KING, Mr. RUSSELL, Mr. NORRIS, Mr. CAPPER,

Mr. VAN NUYS, Mr. ADAMS, Mr. DUFFY, Mr. NYE, Mr. CONNALLY, Mr. CAREY, and Mr. THOMAS of Oklahoma entered the Chamber and answered to their names.

The VICE PRESIDENT. Forty-nine Senators have answered to their names. A quorum is present.

APPOINTMENTS TO SUNDRY BOARDS, COMMITTEES, AND COMMISSIONS

The VICE PRESIDENT. The Chair wishes to say that he asked the parliamentary clerk to prepare a list of appointments that are now vacant under certain statutes and resolutions, and at this time the Chair announces the following appointments to fill such vacancies, which the clerk will read.

The Chief Clerk read as follows:

BOARD OF REGENTS OF THE SMITHSONIAN INSTITUTION

In accordance with the provisions of title 20, chapter 3, section 43, United States Code, the Chair appoints the Senator from Kentucky [Mr. LOGAN] and the Senator from Pennsylvania [Mr. REED] as Regents of the Smithsonian Institution, to fill the vacancies caused, respectively, by the expiration of the term of service of Hon. Reed Smoot and the resignation of Hon. Claude A. Swanson.

BOARD OF DIRECTORS, COLUMBIA HOSPITAL FOR WOMEN

Under authority of the act of June 10, 1872, the Chair appoints the Senator from Colorado [Mr. ADAMS] a director of the Columbia Hospital for Women, to fill the vacancy caused by the expiration of the term of service of Hon. Lawrence C. Phipps.

BOARD OF DIRECTORS, COLUMBIA INSTITUTION FOR THE DEAF

Under authority of title 24, chapter 5, section 236, United States Code, the Chair reappoints the Senator from New York [Mr. COPELAND] a director of the Columbia Institution for the Deaf.

SPECIAL COMMITTEE ON CONSERVATION OF WILD-LIFE RESOURCES

The Chair appoints the Senator from Missouri [Mr. CLARK] a member of the Special Committee on Conservation of Wild Life Resources, created by Senate Resolution 246, Seventy-first Congress, and continuing resolution, to fill the vacancy created by the resignation of Hon. Harry B. Hawes.

SPECIAL SELECT COMMITTEE TO INVESTIGATE THE ALASKA RAILROAD

The Chair appoints the Senator from Washington [Mr. BONE] and the Senator from Vermont [Mr. AUSTIN] as members of the Special Select Committee to Investigate the Alaska Railroad, created by Senate Resolution 298, Seventy-first Congress, and continuing resolutions, to fill the vacancies created, respectively, by the death of Hon. Robert B. Howell and the expiration of the term of service of Hon. John Thomas.

MIGRATORY-BIRD CONSERVATION COMMISSION

In accordance with the provisions of title 16, chapter 7a, section 715a, United States Code, the Chair reappoints the Senator from South Dakota [Mr. NORBECK] a member of the Migratory-Bird Conservation Commission.

NATIONAL FOREST RESERVATION COMMISSION

In accordance with the provisions of title 16, chapter 2, section 513, United States Code, the Chair reappoints the Senator from Georgia [Mr. GEORGE] a member of the National Forest Reservation Commission.

NASHVILLE (TENN.) PRESIDENTS' PLAZA COMMISSION

The Chair appoints the Senator from Tennessee [Mr. BACHMAN] a member of the Nashville (Tenn.) Presidents' Plaza Commission, created by section 2 of an act approved December 12, 1928, to fill the vacancy caused by the resignation of Hon. Cordell Hull.

GEORGE ROGERS CLARK SESQUICENTENNIAL COMMISSION

The Chair appoints the Senator from Indiana [Mr. VAN NUYS] a member of the George Rogers Clark Sesquicentennial Commission, created by the act approved May 23, 1928, to fill the vacancy caused by the expiration of the term of service of Hon. James E. Watson.

UNITED STATES ROANOKE COLONY COMMISSION

The Chair appoints the Senator from New Hampshire [Mr. BROWN] and the Senator from Rhode Island [Mr. METCALF] members of the United States Roanoke Colony Commission, created by House Concurrent Resolution 26, Seventy-second Congress, to fill the vacancies created, respectively, by the expiration of the term of service of Hon. George H. Moses, and the resignation of Hon. Harry B. Hawes.

MEMORIALS

The VICE PRESIDENT laid before the Senate a telegram and several communications in the nature of memorials from citizens of the State of Louisiana, endorsing Hon. HUEY P. LONG, a Senator from the State of Louisiana, condemning attacks made upon him, and remonstrating against a senatorial investigation relative to his alleged acts and

conduct, which were referred to the Committee on the Judiciary.

CUSTOMS OFFICE AT MINNEAPOLIS, MINN.

Mr. SCHALL. Mr. President, I am in receipt of a letter from B. B. Sheffield, president of the Minneapolis (Minn.) Civic & Commerce Association, which I think ought to be printed in the RECORD, for the facts therein ought to be brought to the attention of those in control both in the Senate and in the office of the Secretary of the Treasury.

I ask that the letter may be printed and referred to the appropriate committee.

There being no objection, the letter was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

MINNEAPOLIS CIVIC & COMMERCE ASSOCIATION,

May 27, 1933.

Hon. THOMAS D. SCHALL,

Senate Office Building, Washington, D.C.

DEAR SENATOR SCHALL: Current newspaper reports indicate the possibility of eliminating practically all the inland customs offices of the country. While we are entirely in accord with every reasonable effort to reduce the cost of government, we do not feel that the best interests of industry and business here and in the Northwest would be served by closing the Minneapolis customs office, if such a move is contemplated.

The Minneapolis customs office has always been a large revenue-producing office for the Government, based upon the cost of operation, and at the same time has provided excellent service at a minimum of cost to the importers of this community, as well as to the State and the Northwest. Upon investigation, we are informed that in 1929 the approximate value of imports handled through this office was \$7,251,000 and the duties collected about \$1,650,000. In 1932, because of general business conditions, this dropped materially, the imports approximating \$2,370,000, with duties collected amounting to about \$725,000. We are informed that the cost of operation of this office is between \$55,000 and \$60,000 annually. It is very probable that certain economies could be effected to reduce further the cost of operation of this office.

We are also informed that Minneapolis is the clearinghouse for many Canadian imports. There is Federal food-inspection service here, and because of this, Canadian fish destined for eastern markets is cleared at Minneapolis. Further, there is a large amount of other perishable commodities cleared through this office. This would indicate to us the importance of this office.

The closing of the Minneapolis office would place a handicap on the importers of this community and the Northwest owing to the fact that they would be obliged to clear through other border or seaboard customs offices, with the resultant increase in or additional brokerage fees, the inconvenience and delay incidental thereto, and the probable increase in transportation charges.

Minneapolis is the largest manufacturing, wholesale distribution, and transportation center west of Chicago and is entitled to the service provided by the customs office. The city is served by 10 trunk-line railroads, 4 of which are transcontinental, serving directly or indirectly 21 States. It ranks ninth in the country as a wholesale distributing center. Minneapolis ranks high in the number of importers, comparable to other cities, who are importing direct and selling to the consumer at prices less than could be sold if imports were cleared at the border or seaboard.

Our feeling is that the Minneapolis customs office is a direct aid to business in the Northwest, and inasmuch as it is not only self-supporting but a revenue-producing agency for the Government, it should not be discontinued, and we therefore urge that every consideration be given by the administration in its reorganization program to the importance of maintaining this office.

We feel that you should have our views on the customs-office matter for such use as you can and may desire to make of it. We are writing a similar letter to the President and to the Honorable Frank Dow, Acting Commissioner of Customs at the Treasury Department.

Yours very truly,

B. B. SHEFFIELD, President.

REPORT OF THE DISTRICT OF COLUMBIA COMMITTEE

Mr. KING, from the Committee on the District of Columbia, to which was referred the bill (S. 1403) to authorize the merger of The Georgetown Gaslight Co. with and into Washington Gas Light Co., and for other purposes, reported it without amendment and submitted a report (No. 102) thereon.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. FRAZIER:

A bill (S. 1801) granting a pension to Chief Drags Wolf (with accompanying papers); to the Committee on Pensions.

By Mr. ERICKSON:

A bill (S. 1802) authorizing the issuance of a patent to certain lands in the State of Montana to Florence Kerr Facey; to the Committee on Public Lands and Surveys.

By Mr. SHIPSTEAD:

A bill (S. 1803) for the relief of certain riparian owners for losses sustained by them on the drained Mud Lake bottom in Marshall County in the State of Minnesota; to the Committee on Claims.

A bill (S. 1804) to authorize the transfer of certain real estate by the Secretary of the Treasury to C. F. Colvin in settlement of the Northfield, Minn., post-office site litigation, and for other purposes; to the Committee on Public Buildings and Grounds.

By Mr. PATTERSON:

A bill (S. 1805) granting a pension to Anna Elliott (with accompanying papers); to the Committee on Pensions.

A bill (S. 1806) granting an easement over certain lands to the Springfield special road district in the county of Greene, State of Missouri, for road purposes; to the Committee on the Judiciary.

By Mr. HAYDEN:

A bill (S. 1807) to provide for the exchange of Indian and privately owned lands, Fort Mojave Indian Reservation, Ariz.; to the Committee on Indian Affairs.

By Mr. CONNALLY:

A bill (S. 1808) to authorize the coinage of 50-cent pieces in commemoration of the one hundredth anniversary in 1936 of the independence of Texas, and of the noble and heroic sacrifices of her pioneers, whose revered memory has been an inspiration to her sons and daughters during the past century; to the Committee on Banking and Currency.

By Mr. DILL:

A joint resolution (S.J.Res. 58) proposing an amendment to the Constitution of the United States relative to election and qualification of judges; to the Committee on the Judiciary.

AMENDMENT TO INDEPENDENT OFFICES APPROPRIATION BILL

Mr. GOLDSBOROUGH submitted an amendment intended to be proposed by him to House bill 5389, the independent offices appropriation bill, which was ordered to lie on the table and to be printed, as follows:

On page 58, line 3, before the word "as", to insert "and such civilian professors and instructors at the Naval Academy."

On page 58, line 5, to strike out the word "officers" and insert in lieu thereof the words "such officers, professors, and instructors."

ORGANIZATIONS WITHIN THE FARM CREDIT ADMINISTRATION—AMENDMENT

Mr. DILL submitted an amendment intended to be proposed by him to the bill (S. 1766) to provide for organizations within the Farm Credit Administration to make loans for the production and marketing of agricultural products, to amend the Federal Farm Loan Act, to amend the Agricultural Marketing Act, to provide a market for obligations of the United States, and for other purposes, which was referred to the Committee on Banking and Currency and ordered to be printed.

AMENDMENTS TO INDUSTRIAL CONTROL AND PUBLIC WORKS BILL

Mr. BULOW submitted an amendment and Mr. OVERTON submitted three amendments intended to be proposed by them, respectively, to House bill 5755, the so-called "industrial control and public works bill", which were severally referred to the Committee on Finance and ordered to be printed.

Mr. COOLIDGE submitted amendments intended to be proposed by him to House bill 5755, the so-called "industrial control and public works bill", which were referred to the Committee on Finance, ordered to be printed, and to be printed in the RECORD, as follows:

Amendment intended to be proposed by Mr. COOLIDGE to the bill (H.R. 5755) to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes, viz: On page 24, line 6, after "(g)", insert "(1)"; and after line 9 insert a new paragraph, as follows:

"(2) Effective as of the day following the date of the enactment of this act, section 617 (c) (2) of such act is amended by adding

at the end thereof a new sentence to read as follows: 'As used in this paragraph the term "benzol" does not include benzol sold for use otherwise than as a fuel for the propulsion of motor vehicles, motor boats, or airplanes, and otherwise than in the manufacture or production of such fuel.'

On page 24, line 22, after "(g)", insert "(1)."

Amendment intended to be proposed by Mr. COOLIDGE to the bill (H.R. 5755) to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes, viz: On page 26, after line 14, insert a new subsection to read as follows:

"(k) Effective as of the day following the date of the enactment of this act, section 617 (c) (2) of such act is amended by adding at the end thereof a new sentence to read as follows: 'As used in this paragraph the term "benzol" does not include benzol sold for use otherwise than as a fuel for the propulsion of motor vehicles, motor boats, or aeroplanes, and otherwise than in the manufacture or production of such fuel.'

Mr. COOLIDGE also presented a statement relative to the above amendments, which was referred to the Committee on Finance, to accompany the amendments, and ordered to be printed in the RECORD, as follows:

An amendment to H.R. 5755, section 208-E, is requested for the following reasons:

"Section 617 (c) (2) of the Revenue Act of 1932 is amended by inserting the word 'motor' before 'benzol'."

Under section 617 of the Revenue Act of 1932, defining the term "gasoline", the word "benzol" is included. There are two kinds of benzol—first, the crude variety known as "motor benzol" used as a motor fuel, and a second class known as "industrial benzol", which on account of its high purity sells for a higher price and is used in the arts for a variety of purposes.

Industrial benzol, in no case, finds consumption as a motor fuel. The insertion of the word "motor" before the word "benzol" will carry out the intent of Congress to tax motor fuels, and will confine this tax to this class of products, and avoid confusion and an extension of the tax to articles which do not find consumption in motor fuels.

A perfecting amendment is necessary to correct the phraseology in the act of 1932, as consultation with the representatives of the industries consuming industrial benzol shows that the officials of the Bureau of Internal Revenue state that it is mandatory under the definition "gasoline" to tax all kinds of benzol.

Local consumption of benzol of all kinds is about 100,000,000 gallons per year. Some 85,000,000 gallons is of the motor benzol type, whereas about 15,000,000 gallons belong to the industrial benzol class. Consequently a tax of 1 cent per gallon on the latter class amounts to \$150,000 a year. A serious handicap is placed upon manufacturers who have contracted the chemical derivatives of benzol before this tax was assessed, thus compelling them to absorb the tax which in many cases will entail a loss.

INSURANCE OF BANK DEPOSITS

Mr. SCHALL. Mr. President, I ask unanimous consent to print an address by Donald Despain, of St. Paul, Minn., on the Insurance of Bank Deposits.

This plan was submitted by me in 1931 to the late Republican administration, who did not look upon it with kindly eyes. It seems to me this address, carrying outline of plan, should be of benefit to anyone who will take the time to read it, and it should be called to the attention of those in authority with the present administration. I know of no better way of getting it to the attention of those who today have the power than to ask its insertion in the RECORD and that it be referred to the Committee on Banking and Currency.

There being no objection, the address was referred to the Committee on Banking and Currency, and ordered to be printed in the RECORD, as follows:

INSURANCE OF BANK DEPOSITS

Part I. "First things first"—America first—Get to the root of our trouble—Forget Europe until we get our own house in order—What destroyed confidence?—How to restore confidence

The paramount need of the United States for defeating depression is the restoration of confidence.

That premise will be agreed to by every economist, financier, and business man in America.

What is confidence? It is a psychological factor not measured by industrial plants, locomotives, bank buildings, nor even money. It is not found in a tariff schedule, a war-debt payment, nor an international treaty. It is a human emotion associated with a faith in or fear of self-preservation.

It therefore does not pertain to the inanimate but to the animate—to man and human beings. If our greatest problem is the restoration of confidence, we must first ascertain what destroyed confidence before we can intelligently know how to restore it. That, certainly, is plain common sense and logic.

With equal simplicity and clarity let us take a strong, sturdy tree as representing our economic structure. The great mass of countless roots we will designate as "the people" from which all

growth above, upward and outward, had its source and support. Next, we will name the trunk of the tree—agriculture—our basic industry. Then let each of the big, strong branches of the tree represent the several major industries—manufacturing, transportation, banking and finance, mining, insurance, wholesale and retail merchandising, education, the professions, and invention and the arts.

The blood of that tree is called sap, the circulating life-giving fluid of the plant. No one will deny that if the roots be cut off or the sap be stopped or restricted the tree will wither and die.

The sap of our economic tree is money. It starts from the people (the roots). If the roots are cut, bruised and injured the flow of sap or money is restricted—and the tree withers.

The foregoing is quite elementary but it seems necessary that our economists, financiers, and statesmen be taken back to the primary grades and some very elementary facts be impressed again.

After 3 years of floundering around in the superstructure of our national and international economy, the most encouraging and refreshing words in the inaugural address of President Roosevelt was his declaration that: "Our international trade relations though vastly important, are in point of time and necessity, secondary to the establishment of a sound national economy. I favor as a practical policy the putting of first things first."

Those words gave hope that we were going to stop doctoring and spraying the branches of the tree and give some attention and water to the roots of the tree.

But aren't we still drifting into that traditional human weakness of playing with theories instead of dealing with hard facts? Of looking yonder in the distance to find the remedy, when it may be right here at home?

DISMISS THE BOGY MEN

First things first is the text and that means the first thing to settle is our home problems—our own economic situation.

To start right, let us set down two indisputable facts:

(1) The United States is the most self-sufficient nation in the world—more self-contained and self-sustaining than any other country.

(2) The United States by reason of being the richest nation, the greatest creditor nation, and the commercial and financial leader of the world is therefore the most important factor in the international machinery.

If these two premises are correct then the minds at Washington are being misled and misdirected, and as a Nation we are being diverted and detoured from the road to economic recovery. We should dispose of the big boggy man that we are dependent on Europe, that we must recover our trade abroad, before we can hope for better things at home.

At the most, our export trade is hardly more than 8 to 10 percent of our production, and a drop in the price of the raw products we import would give us an added buying power at home, to compensate for the export trade lost. But, do not forget, our drop in exports came after the crisis and not before. The truth is, we sustained foreign buying with our loans and our buying, and it was the stopping of these loans and our buying that took foreign nations out of the market. The great price break came from us and not from abroad. Although it would be desirable to have foreign affairs settled, the quickest way to settle them would be to start up our own business again. For we wag the world; the world does not wag us.

Another boggy man is war debts. We hear it said that we can have no prosperity until the war-debt question is settled. That is putting the cart ahead of the horse. If we must accept Europe's alibi of "inability to pay" let's start world prosperity by putting America into high gear and lead the world back to normalcy. America is the engine at the head of the train, not one of the flat cars. Why drag through months and years of never-ending argument and discussion about these debts? Reduction of debts gets us nowhere. We cut them one half once. Cancellation is unthinkable. I am not in favor of penalizing the patriotism of the American citizen and taxpayer because of Europe's ingratitude and desire for repudiation. Let Europe lose its honor, but let's keep ours.

If we declared a moratorium on all debts for 5 or 10 years and got this old world active again in trade and commerce under the leadership of a prosperous United States of America the war debts would fade away like the mist before the rising sun. Let me remind you that after the war closed and we balanced the books, America found itself confronted with a staggering debt of \$25,000,000,000 and with the collapse of its greatest industry, agriculture. Confidence was still with us; faith and grit and public morale were here. Spurred by that spirit and backed by the greatest resources in the world we attacked that problem so effectively that we paid off \$10,000,000,000 of that debt in 9 years—a financial accomplishment unknown in the history of the world.

Balance the Budget? Well, who can tell us just when we had the Budget balanced or unbalanced? It's a matter of bookkeeping. There is some peculiar bookkeeping going on in Washington right now. Forget the Budget temporarily, get American business moving, and we will have no trouble arriving at a balance within 12 months.

THE MISSING LINK

Did you every try to fix a machine or your car and when you seemingly had everything together and it should run—you found something missing?

Our economists, Government leaders and legislators, have tried plan after plan, theory after theory; they have poured a billion dollars and more into the financial machinery, they have applied artificial price fixing as a blood transfusion, and inflation as a stimulant, but the patient does not respond. We have more currency than in 1929, our resources exceed \$300,000,000,000. We certainly are not broke, but the wheels won't turn. Something is missing!

Let's come down from the clouds, out of the fog of confusing legislation, set our feet on the ground, and get close to the human element of the situation.

Worse than industrial, financial, and commercial paralysis we find a complete demoralization of public morale. The confidence of the people shattered.

We hear men in high position announcing that confidence has been restored, and so forth. Those men are totally ignorant of how severe the shocks and how deep the wounds suffered by the American people.

It is well to analyze how this collapse of confidence occurred. First, with our Liberty Loan war bond drives we started a course of instruction which educated 25,000,000 citizens in a knowledge of securities. From this initiation 15,000,000 people later entered the stock market inspired by a faith in the stability of American industry under the leadership and encouragement of our industrial and financial leaders. The gigantic structure crashed, sweeping away millions of personal funds and billions in anticipated profits. But greater than these, the faith of the American public in American business leaders and institutions.

Recital of the next shock leads us to the final bulwark—the last trench—of the people's faith. Since the childhood of every citizen, faith in our banks and bankers has been taught and instilled as deeply as religious convictions. Our laws are supposed to create banks to serve as guardians of public money, to hold and protect the savings of those who toil. To millions their bank stood to them as the Rock of Gibraltar and their banker as the highest example of human integrity.

And then, the crashing of banks began; 1,345 failures in 1930; 2,298 in 1931; 1,453 in 1932; 5,096 of them in 3 years, carrying three and one half billion dollars of deposits with them and consternation, grief, and loss to 15,000,000 depositors. And the failures continued into 1933 culminating in the closing by presidential proclamation of every bank in the United States on March 6.

I shall not go into sordid details of criminal and incompetent banking brought to light in the exposure resulting from many of these failures. I have no desire to indulge in caustic or destructive criticism, except to say that if bankers had clung to the fundamental rules of investing demand deposits they could have liquidated during the past 3 years and the great majority of our banks now closed would be open. The classes of investments available for commercial deposits are limited principally to call loans, Government bonds having slight fluctuation in the market, and self-liquidating loans such as commercial paper of less than 90 days' maturity and with definite sources of income assured. Real-estate mortgages should be bought only with trust, insurance, and other relatively permanent funds.

Evidence is at hand to show that banks did not adhere to such safe methods. From 1921 to 1929 the banks of the United States, despite the fact that vast business activity prevailed in that period, actually decreased their commercial loans and tripled their loans on city real estate, and their investments, outside of United States Government bonds, increased 62 percent. Supervision and restraint was absent.

With practically one half of our banks forced to close their doors, and with as high as \$7,000,000,000 of deposits tied up at one time, the evidence is sufficient to convince even the uneducated and unfamiliar layman that as an economic vehicle our banking industry is a broken-down flivver.

There were 49,500,000 depositors in United States banks in 1930—the largest common-interest group of our entire population. Whether you or I lost money directly in a closed bank, we were all indirectly affected through a relative, a friend, or by business reactions.

Volumes upon volumes would be required to print the stories of personal sufferings, the destitution and poverty, the loss of businesses and homes as the result of this Nation-wide banking debacle. You can multiply every one of these "shock victims" by 3 or 5 or 10, because that many friends or relatives were close to their suffering, to gain some idea of what this did to the morale of our 125,000,000 citizens.

How many of our leaders realize these conditions? No Senator or Congressman or Government official with his salary safe and secure and who has not felt hunger or the wiping out of his business or the loss of a home can understand it. And yet they expect a little ballyhoo and propaganda about "confidence has returned" to herd these "burned victims" right back to the flame again without any genuine protection offered. Two billion dollars stowed away in socks, mattresses, and safety-deposit boxes is the answer to the ballyhoo—and it will stay there until some real protection is given the bank depositor.

UNFAIR ATTACKS ON ALARMED DEPOSITORS

I regret that there have been some ill-advised and thoroughly unwarranted attacks by the press and self-appointed dictators upon those citizens of this country, who during the storm of crashing banks withdrew their funds from banks and have withheld them because of fear of loss. It sounds big to call these unfortunate people unpatriotic, but let us not forget that the last hun-

dred dollars is the "hoardiest." But these people are not hoarders. There is a clear distinction between hoarding and hiding. I maintain that 98 percent of money today in private hands is hidden through fear, and who dares say they haven't reason to be afraid? They know full well that the man or woman without money is helpless and is forced to beg for bread. Whose money are they holding? It's their property, is it not? Has the bank any more claim to the right of liquidity than an individual?

In our society the only protection man has against the future is in his savings. Society furnishes him no insurance against unemployment, against sickness, against old age. All these frantic appeals come from those untouched by the fear of destitution. In many instances they have been insulting to, first, the patriotism of the people; and, secondly, to their intelligence. The law of self-preservation has not and cannot be repealed. You cannot kill fear by fiat.

Furthermore, the general assumption seems to be that it is the small depositor who has hidden the money. Nothing could be farther from the fact. The real hiders of money are men and institutions of wealth. Tens of thousands of business men and business houses are maintaining deposits in banks for convenience of checking, and the major part of their funds are in their safes or safety-deposit boxes. It is the thinking man today who ponders upon the exposed corruption of the banking fraternity and who insists upon protecting his funds in his own secret way.

It is simply shouting in the face of the wind to ask or demand that people leave their money in banks unless the appeal is accompanied by some adequate government protection or insurance. Once that insurance is provided there will be no need for the appeal.

The honest and competent bankers are today paying for the dishonesty and incompetency of those who have dragged the banking industry into disrepute. It has been a terrible price, but it has been more terrific on the depositor and he refuses to carry the cost further. It is now up to the bankers to pay for maintaining public confidence and stop periodic and recurring bank crises.

Regardless of the number of sound banks and good bankers, the entire banking industry stands indicted and under a cloud of suspicion. Who knows which is the safe bank? Every one of the 15,000,000 who lost their deposits thought their bank was safe. In too many instances they were told it was safe at 3 o'clock p.m. and at 10 a.m. it was closed. As eminent a banker as Frederick A. Rawson, chairman of the board of the First National Bank of Chicago, is authority for the statement that "banks do not become insolvent overnight. They drift into failure gradually through poor management."

Let us take stock of the gross results of this paralyzing catastrophe that has stricken the Nation.

First and worst, confidence is destroyed. Second, fear has carried \$2,000,000,000 (seven hundred million of it in gold) into hiding—into mattresses, under carpets, and into safety-deposit boxes. Third, that \$2,000,000,000 of hidden money in the hands of the people puts fear in the heart of every banker, causing him to maintain his bank in the most liquid condition to meet a possible run. So we have, according to the best estimates, somewhere between \$3,000,000,000 and \$3,500,000,000 of currency now hidden or hoarded (whichever you wish to call it) by the people and held by banks, resulting in a shrinkage of from twenty to thirty billion of credit loans, and the business of the Nation stagnated and throttled.

WHAT A BUSY DOLLAR DOES

It is necessary to get a true understanding of what a dollar can do when it is working in order to clearly appreciate what two billion of hidden money is doing to the commerce of the Nation. We think of the busy bee and the ant as tireless, but they are loafers compared with the activity of a busy dollar.

Consider these facts: In 1929 there were between four and five billions of currency, but bank deposits in the United States amounted to about \$60,000,000,000. In the country as a whole the five billion of currency cleared checks for the staggering total of \$906,000,000,000. Every dollar of hard cash flowing in the channels of trade turned itself over 2,500 times a year; it paid obligations for 2,500 times its own value.

Is any more proof necessary to demonstrate that banking is a matter of faith more than money? Can't you see what the shattering of that faith does to the business of the country? Isn't it worth expending every possible effort and all necessary legislation in order to rebuild and stabilize that faith?

Deposits in all banks

[Exclusive of enter-bank deposits]

Date	Number of banks	Amount of deposits ¹
Dec. 31, 1928.....	25,576	\$56,766,000,000
Sept. 30, 1932.....	18,794	41,779,000,000
Jan. 1, 1933.....	18,009	45,669,168,418
Apr. 1, 1933.....	12,500	37,000,000,000

¹ 6 to 8 billion in 7,000 closed banks.

Money in the United States

Total.....	\$5,700,000,000
In private hands.....	\$2,000,000,000
In bank vaults.....	1,500,000,000
In action.....	2,200,000,000
	5,700,000,000

Practically every economist, financier, statesman, and student of public affairs agrees that normal or prosperous conditions cannot be brought back without the revival of purchasing power by the masses. What has stopped purchasing? Two factors—fear to spend by those having funds and the almost complete elimination of credit to those who have the equivalent of funds—property. Fear has destroyed credit.

How, it may be asked, can such a small amount of currency do such an immense amount of work and still stay in bank? The answer is simple. Bank deposits have no hard-and-fast relation to currency. In between the small figures of currency and the huge figure of deposits is that all-powerful, dominating factor of confidence—the handmaiden of prosperity. It is confidence which leads the depositor, whether he be the wage earner at the bench or the high-salaried executive behind the mahogany desk, up to the bank teller's window and gives him the courage to deliver his \$5 or his five thousand through the wicket into the hands of the bank, and receive nothing in return but a pen scratch of the amount in a little red book. When you stop to think about it, isn't that the acme—the high mountain peak of confidence? Can you think of any greater, more sincere evidence of faith anywhere along life's highway?

Right there that money begins working. Activity starts. The bank loans that money. When the bank lends money to a customer it credits his deposit account with the amount of the loan. The checks he draws diminish his deposit, but they turn up as deposits in some other account possibly in another bank. Every time a bank makes a loan the total bank deposits of the country are increased, and every time a loan is paid off they are decreased.

It is the banks and not the Government that create the money on which business lives. That money is the result of granting credit. Thus credit is the lifeblood of trade. But remember! Confidence is the heart, the engine, the motive power that pumps and propels credit. Destroy confidence and credit money disappears and currency goes into hiding.

A recital of what occurred throughout the Middle West in 1896 will serve to well illustrate how quickly confidence responds. In June of 1896 there appeared on the western political horizon the dark ominous cloud of populism with a disturbing political program sponsored by the silver-tongued William Jennings Bryan. The conservative financial and industrial East predicted national disaster if that program won. Bryan was sweeping the country with his oratory. The country was alarmed. Money went into hiding so far that none was available or in sight. It was much more of a money panic than prevails now. Local merchants throughout the Middle West issued their personal scrip which was interchangeable in local areas. From June to November this scrip replaced money completely. On November 5, much to the surprise and relief of the country, McKinley was elected. Then the miraculous occurred. Within a matter of days—a very few days—all the scrip disappeared and the money flowed back as if by magic. A striking example of how quick is the response of confidence when fear is removed.

THE WAY FOR SOUND INFLATION AND THE RESTORATION OF CONFIDENCE

When the public is convinced banks are safe, hidden money to the extent of \$2,000,000,000 will flow back into the banks. Once deposits are made and fear gone, the individual ceases worrying and hope and ambition take its place. The next step is buying—buying of the shoes, clothing, and of every human need. The banks having excess funds will seek business and commercial loans. Merchants' orders start factories, factories reemploy help, which starts new buying—and the wheels of prosperity are again revolving.

But, mark you, all the nice words, all the propaganda of press and radio, will not restore the crushed confidence of the public. "Prosperity is around the corner" wore itself out in the effort, and the "new deal", in words alone, will not suffice. Something positive and concrete must be done.

I submit to you a complete plan for the positive and definite insurance of bank deposits with the strength and prestige of the United States Government behind it, but with its administration in the hands of business executives of the highest personal and financial integrity.

DEPOSITORY INSURANCE

There exists in the minds of many people a peculiar and illogical attitude regarding the insurance of bank deposits. The same complex existed when the first fire-insurance policy was written, and the supply of condemnatory adjectives was exhausted when Lloyds, of London, underwrote the first maritime insurance.

People can and do eat, drink, worry, and overwork themselves into graves while thousands deliberately commit suicide. Buildings can be and are destroyed by reckless use of matches, carelessly tossed cigarettes, overheated stoves, lightning, spontaneous combustion, and by deliberate use of the torch by the owners. Yet all these innumerable hazards are not considered valid arguments against life or fire insurance.

Consider these myriad dangers which constantly threaten and endanger human life and property with the comparatively limited causes contributing to bank failures.

Furthermore, there are many guardians watching the operation of a bank. These consist, besides the many officers, of from seven to a score of directors, a large number of stockholders plus the supervision and examination by State or national banking authorities.

The fact that bank-deposit-guaranty projects have failed in local, restricted areas only proves one of the fundamental principles of insurance, that is, that there must exist wide and general

distribution and diversification. It is as impossible for a single State to undertake this obligation as it is for a single community to successfully insure itself against death or fire. Applied on a national scale with the hazard spread widely, over all geographical sections and diverse conditions, and coupled with proven insurance machinery and uniform standards the risk is calculable on an actuarial basis.

The demand for, and the need of, this type of insurance will persist until someone successfully answers this question: When every individual from messenger boy to president of a bank are bonded and all the property insured against fire, theft, and damage in favor of the bank, why should the depositor, who furnishes all the funds upon which the bank operates and profits, be unprotected?

In principle, there is no reason of importance that I can see why bank deposits should not be guaranteed just as much as bank notes. The only important difference is that bank deposits are now the bigger problem by far. We got the guaranty of bank notes after having had wildcat banking in connection with State bank notes and after having had people injured who held bank notes of the State banks. So that we finally got the national banking system, in which the notes of the individual banks are guaranteed.

It is much more important in principle to guarantee bank deposits, because the real circulating medium of the country is bank deposits. In fact, bank deposits are far more important than bank notes, about ten times more important than gold certificates, plus silver certificates—in fact, than all the actual physical money in circulation. Yet appreciation of this fact is lacking.

Permit me to draw the distinction between "guaranty" of bank deposits and the "insurance" of deposits. Webster defines "guaranty" as "that which is given by way of security; something made or held as a security; to be surety for; to answer for the debt, default, or miscarriage of another." Note the difference in his definition of "insurance" which he says is "to secure against a loss by a contingent event, on certain stipulated conditions."

With that definition in mind I wish to quote from an argument against any guaranty plan to protect peoples' deposits, made by an official of the American Bankers Association, in which he says: "The best safeguards of sound banking are: banking intelligence, plus financial integrity supplemented by careful supervision. Supervision that prevents bank failures is far more valuable to both depositors and stockholders than any plan of guaranty." His argument against the proposal is the best argument I have seen in favor of it, for we have lacked the three factors he suggested, namely, intelligence, integrity, and supervision. Have we any evidence of a type of "careful supervision" that has given any protection to the public? And we never will have such supervision under political regulation and examination; we will never have any supervision worthy of the name that does not have real authority and heavy responsibility tied to it.

Imagine, if you will, an examiner from a reputable surety or fidelity or insurance company walking into a bank and finding evidences of the peoples' money—which his company has insured—being dissipated in the stock market, in personal business ventures without security, or loaned to partners, relatives, or political favorites without proper collateral, as has been found in far too many closed banks recently. Can you imagine the storm that would break instantly from that examiner and his institution? That bond or policy would be canceled pronto unless immediate adjustment and restitution was made. That is the kind of strict supervision that the insurance of bank deposits would bring to banks and to the protection of depositors. And it is because of the provision for that kind of supervision that causes the banking fraternity to fight all plans and programs for genuine guaranty or insurance of deposits.

Too many of us—and especially the banker—forgot that banking is or should be a public trust. Too many of them assume their position as that of a divine right, a license or privilege if you please, to take control of the public's money and do with it whatever their personal judgment or fancy dictates. Too many bankers forget that the money belongs to the depositors.

There are sufficient and well-defined rules of banking—"stop" and "go" signs—well-known commandments of "thou shalt not"—to guide any well-intentioned and honest banker. Supervision of the right kind would only keep him within those rules and boundaries. Therefore, I am at a loss to understand why any banker who wants to be honest will fight honest and efficient supervision. It is equally inconceivable to me why any honest banker would not accept with open arms an intelligent, practical, and efficient system of protection which would permanently allay all public fears, stop panics and runs, and allow him to sleep peacefully at night without the fear of tomorrow.

The argument most resorted to by those opposing insurance of deposits is that "a law of this nature has a tendency to introduce incompetents into the banking business and would be apt to encourage loose and incompetent banking." Well, if I were a banker I would, in view of recent results, leave that argument at home. The natural thought that follows presents itself in the query. Could any law develop looser or more incompetent banking than we have had?

Time does not permit of presenting the details of the Kentucky bank swindle which resulted in the conviction of a governor and United States Senator and others; or the Caldwell bubble, which sank banks in five States; or the Chicago bank epidemic carrying 140 banks to the gutter, where their exposed crookedness gagged the sewers; or the United States National Bank of New

York, which swindled 400,000 depositors and sent its officers to Sing Sing; or the exposure of the little family affair in the National City Bank of New York, with its president under indictment, and which sold \$650,000,000 of \$20 par stock to its employees, depositors, and customers, at \$580 per share, and which was short in the stock at the time it was loading its own employees and depositors; or of the charges of fraud, embezzlement, larceny, etc., against 700 indicted bankers in the United States.

These are only a few of the reasons why the banking industry is going to have a different kind of supervision in the future and why they are going to accept some genuine form of protection to depositors or go out of business as private institutions.

Is it difficult to understand why the faith and confidence of the public has been destroyed?

Part II.—The United States Deposit Insurance Corporation—Based on insurance principles, mortality records, and premium rates adjusted to risk hazards, and all costs and losses payable from premium income, with mutual provisions for refunds and reductions

FOR IMMEDIATE RESTORATION OF CONFIDENCE AND PREVENTION OF FUTURE BANK CRISES

(1) The organization of a Massachusetts trust or a Federal charter corporation to be known as, let us say, "The United States Deposit Insurance Corporation."

(2) In order to divorce it from politics, it is proposed that the Secretary of the Treasury, the president of the Reconstruction Finance Corporation, and the Governor of the Federal Reserve Board be ex-officio directors with 9 directors to be selected from among the outstanding men of highest integrity in the United States, 3 from the insurance field, 3 from industry, and 3 from banking.

(3) The capital in the amount of \$500,000,000 to be loaned by the Reconstruction Finance Corporation or the Federal Treasury, repayable with interest in from 5 to 10 years and reinvested in United States Government securities and deposited in trust under such joint control as is desirable.

(It should be remembered that an insurance company operates on premium income. It is the hope and intention of this plan to avoid gouging the United States Treasury of a single dollar.)

FIELD ORGANIZATION

The personnel for the field organization for accepting applications of banks and premium payments is existent by utilizing the present staffs of National and State bank examiners, and the Corporation should have the authority to employ existing insurance organizations in each State as soliciting agents or an outstanding insurance executive in each State equipped with general banking knowledge as supervisory or examining representatives.

SALVAGE OR LIQUIDATION RECOVERY

The records of the Comptroller of the Currency of the United States, covering 66 years from 1865 to 1931, inclusive, show that the recovery in behalf of depositors of closed national banks amounted to 88.4 percent. In other words, the depositors in all failures of national banks suffered a final loss of but 11.6 percent since the first failure of a national bank, in 1865. The average time for liquidation during that period required 14 months.

Exact statistics from all the 48 States of the Union are not available to show the definite salvage or recovery from liquidation of State banks, but the estimate is made that a recovery from this class of banks will probably average 70 percent or better. Illinois reports an average of 80 percent; Massachusetts, 84 percent; New York, 92 percent; Colorado, 70 percent; Michigan, 68 percent; Virginia, 76 percent. Ohio reports a recovery of 78 percent for a 10-year period, with varying figures from other scattered States. Instances of reduced recovery point to hurried liquidation as the cause. This is proven from the records of reorganized banks where more extended time permitted for liquidation resulted in recoveries of from 90 to 100 percent.

Mortality of banks of the United States

Years	Period of time (years)	Total failures	Average per year	Total deposits	Average annual loss after salvage
1865 to 1922.....	67	11,761	175	\$4,347,956,000	\$19,468,415
1900 to 1932.....	33	10,110	306	3,991,628,000	36,287,509
1921 to 1932.....	12	8,753	729	3,564,986,000	89,124,650
1929 to 1932.....	4	5,729	1,432	3,520,000,000	264,000,000

Accepting a figure of 70 percent as being the average recovery from closed banks we find that during the entire period from 1865 to 1932, there were 11,761 failures with an annual average loss to depositors of \$19,468,415. Applying this salvage average to the post-war period from 1921 to 1932, inclusive, the period of heaviest mortality of banks in our entire banking history, we find the total failures to be 8,753, involving deposits of 3½ billion dollars and liquidated at an indicated annual net loss of \$89,124,650.

Inasmuch as the 12-year period from 1921 to 1932, inclusive, embraces three bank panic periods—1924, 1926–27, and 1930 to 1932, that span of years presents maximums upon which to base mortality expectancy of sufficiently high losses to predicate rates for premium income amply fortifying the corporation to meet its obligations.

As the plan contemplates a definite insurance contract, the corporation is entitled to subrogation in the event it is called upon to pay losses of any bank whose deposits are so insured, and from the outset the corporation should be organized to handle and make effective this right.

PREMIUM RATES

The rates now prevailing in the United States as charged by surety and indemnity companies for the bonding and insuring of public and individual deposits, vary from \$10 to \$20 per \$1,000 of deposits, depending upon the risk condition as determined in each case by the surety company. In other words, the prevailing rate ranges from 1 to 2 percent of the deposit.

The State of Wisconsin has recently enacted a State public deposit law, whereby a charge is made on the deposits of each bank at the rate of 1 percent, thereby creating a prospective fund for guaranteeing all public deposits.

A rate of 1 percent is not considered exorbitant inasmuch as it would correspond to the cost which most banks would gladly pay for the solicitation of new business. Under wide-spread conditions of public hoarding or hiding of money, the costs of a national or Government plan of insuring deposits would mean the development of new business for the banks of the country in recovering hidden money in addition to restoring confidence in banks and reestablishing the prestige and integrity of banks in the minds of the public. Furthermore, there are various proper ways in which the cost of deposit insurance could be passed on to the public through nominal charges that it is believed will be readily acceptable to the public for protection after the recent hectic period of worry and losses.

Bank suspensions 1921-31, inclusive, by size of capital stock

Capital stock of—	Number of suspensions	Percent of total number suspensions
\$25,000 and less.....	4,861	59.2
\$25,001 to \$49,000.....	737	9.0
\$50,000 to \$99,000.....	1,438	17.5
\$100,000 to \$199,000.....	677	8.2
\$200,000 to \$999,000.....	336	4.1
\$1,000,000 and over.....	37	.4
Not available.....	135	1.6

In arriving at a schedule of premium rates for banks we find that the hazard varies in relation to the size of the banks. For instance, for the period of 1921 to 1931, inclusive, 85.7 percent of bank failures occurred among banks having less than \$100,000 capital; 12.3 percent of failures occurred in banks having from \$100,000 to \$1,000,000 capital; and only 0.4 percent of the failures occurred in banks having \$1,000,000 capital and over. It is interesting to note that 59 percent of failures occurred in banks having capital of \$25,000 or less. Of the total failures during 1931, 55 percent, or 1,773, were not members of the Federal Reserve System; 18 percent of the total were national banks; and 4 percent were State banks of the Federal Reserve. Since 1865 the total bank failures in the United States numbered 11,761, practically 70 percent of which occurred in the 7 years from 1925 to 1932 and nearly 50 percent in the 4 years 1929 to 1932, inclusive.

By reason of the close relationship of capital to deposits we have classified all banks into three groups of clearly defined hazard probabilities. Class A banks comprise banks having 25 million and upward of deposits and, for purposes of demonstration and example, we have applied to them a premium rate of one half of 1 percent on total deposits. The class B banks consist of those having deposits ranging from 1 million to 25 million and to them a rate of three quarters of 1 percent is applied. The class C banks embrace all those having \$1,000,000 and less of deposits and, for the reason that records show 85.7 percent of all failures in this field, a rate of 1 percent of deposits is calculated.

Classification of banks for basing premium rates

[From data supplied by Bankers Directory Blue Book of January 1933 with ratios approximated]

Deposit range	Number of banks	Total deposits	Class and premium rate
Less than \$250,000.....	8,018	\$1,403,150,000	Class C rate 1 percent on deposits.
\$250,000 to \$500,000.....	3,347	1,255,125,000	
\$500,000 to \$1,000,000.....	2,578	1,923,500,000	
\$1,000,000 to \$5,000,000.....	3,010	9,030,000,000	Class B rate three fourths of 1 percent.
\$5,000,000 to \$25,000,000.....	804	10,452,000,000	
\$25,000,000 to \$90,000,000.....	202	9,090,000,000	Class A rate one half of 1 percent.
\$90,000,000 and over.....	60	12,415,016,000	
Total.....	18,009	45,568,791,000	

Premium income

NO. 1 RATE

Class A group, at 0.5 percent.....	\$107,525,080
Class B group, at 0.75 percent.....	146,110,000
Class C group, at 1 percent.....	45,817,750
Total income.....	299,452,830

NO. 2 RATE

Class A group, at 0.25 percent.....	53,762,540
Class B group, at 0.5 percent.....	97,410,000
Class C group, at 0.75 percent.....	34,363,313
Total income.....	185,535,853

ANNUAL PREMIUM INCOME

On the basis of this grouping and classification, and at the rates stated, applied to total Nation-wide deposits of \$45,568,791,000, the corporation would receive a gross annual premium income of \$299,452,830.

This total premium income is considered more than ample to meet any probable insurance obligations. It is more than 2½ times the average annual net losses experienced during the high bank-mortality period from 1921 to 1932, inclusive.

The rates above-quoted could be reduced one fourth of 1 percent for each class of banks, making the highest rate three fourths of 1 percent and the lowest rate one fourth of 1 percent, and give a gross premium income of \$185,535,853 annually, more than twice the annual loss figure used.

In considering rates and income we should not lose the thought that this entire plan is not to pay losses but to prevent bank failures. The greatest value of an insurance plan is its psychological effect on the public. It will prevent bank runs—the greatest cause of bank suspensions.

OPERATING ANALYSIS

For the purpose of clearly proving the sufficiency of rates, and to demonstrate the financial strength which this corporation could develop under sound business methods and economy of operation, an analysis of "Income and Disbursements" is presented and carried through a period of 5 years.

By the investment of the capital and premium income, less assumed payment of normal losses of 89 million and administration expense of 10 million, together with interest payment on the capital loan, the corporation ends the first year with a surplus of 164 million.

At the close of the second year after payment of losses, expenses, and interest, together with a capital loan payment of 50 million, the corporation has a surplus of 175 million.

Continuing the analysis to the end of a 5-year period on the same schedule of rates and the same expenditure of losses and expenses, and with a final payment in full of the Government capital loan, we find the corporation with an earned reinsurance reserve of \$149,726,415, a surplus of \$398,456,655 and the accumulation of its own capital of \$500,000,000 or a total financial strength in resources of \$1,048,182,000, at the close of its fifth year.

Bear in mind that no calculation of increase in premium income has been taken into account in this analysis which will certainly take place by reason of (1) new banks being opened to supply banking facilities to over 4,000 towns and cities which today have no banks, and (2) the increase in deposits from the 45 billion used in this analysis to the normal amount of 55 to 60 billion which should be reached with the restoration of confidence in banks.

A mutual provision shall be incorporated in the charter of the corporation providing for refunds back to the banks, when conditions prove that the increasing surplus and reserves are accumulating to unnecessary volume. Rates may also be reduced. Banks must thereupon reduce charges to depositors.

The premiums stipulated will work no hardship on banks. A charge of \$1 per year, payable semiannually, by all savings depositors and a charge of from 50 cents to \$1 on balances of demand deposits will pay the premium. At the present time there is a resolution before the Senate Banking Committee to prohibit the payment of interest on demand deposits which cost reserve member banks alone \$215,000,000 in 1932 and \$350,000,000 in 1929. Right there is a saving of the entire national premium income.

POWERS OF THE CORPORATION

The corporation shall have the right to issue its insurance or indemnity policy to all banks in the United States now open by authority of the National and State banking authorities.

It shall have the right of examination of banks with authority to supervise banking practices and methods with the right to withdraw its insurance upon reasonable notice to the public of its decision so to do.

It shall have the authority to investigate all new applications for bank charters and have the option of accepting or rejecting the deposit insurance thereon on the grounds of the incompetency, reputation, or inexperience of those seeking to open the bank or upon the question of necessity for the bank in the community.

In event of any bank becoming distressed the corporation shall be immediately notified and it shall have the right and option to (1) loan funds to the bank to tide it over its embarrassment, or (2) to become temporary conservator of the bank until its solvency is reestablished, and (3) to assume charge of the liquidation of the bank for the recovery of the maximum proceeds from its assets for reimbursement of the corporation's payment of depositors.

Subrogation of all rights under the double liability imposed upon bank stockholders by law shall be vested in the corporation. This provision disposes of the objection often presented that deposit guarantees or insurance will place a premium on loose banking. There would be no removal of the double liability on all stockholders of a bank.

There, in brief, gentlemen, is a concrete program for the protection of American bank depositors—sound in insurance principles, practical in its purpose, efficient in operation, mutually beneficial to bank and depositors, and the most powerful agency for the restoration of confidence yet devised in the devastating crisis confronting us.

Let no one say it can't be done—for it can; let no one say, we have tried it—we haven't. Opponents will refer to six States who rushed into "guaranty plans" during the money panic of 1907. I was born and raised in the State which had the saddest experience of all of them—Nebraska. I know why the ill-advised scheme failed there. The State threw the guarantee blanket over all banks, good or bad, sound or unsound. The system was inherently weak, based on a wide-open guaranty fund, not administered by banks themselves but by transitory political appointees. All bars and restrictions of safety were let down. The capital necessary to start a bank was reduced to only \$5,000. Everybody went into the banking business. Wildcat banks appeared like mushrooms. Liability was taken off of officials, banks were looted, and the State left to hold the sack.

But, regardless of the very obvious reasons why these State attempts failed, their failures only prove the underlying, fundamental principle of insurance, which is, that there must be wide diversification and distribution of the risks. Under a national program the conditions prevailing in one State causing bank failures would not affect those in the other 30, 40, or 47 States.

As against the wildcat schemes launched in Western States, I submit the experience of the State of New York. The Empire State years ago created by law a safety fund and during 12 years of its operation not a dollar was lost to any bank depositor in New York State. Political and financial forces caused its repeal because of its restrictions.

NOW IS THE TIME

Never were conditions so perfect and appropriate as now for the successful inauguration of this vitally needed reform. Eight weeks ago the President closed every bank in the United States. During the week they were closed the wheat was separated from the chaff, the sound from the unsound. It can be positively stated that every bank open today is absolutely safe and sound provided withdrawals of deposits are stopped.

The proposed corporation is now in position to place its indemnity on preferred risks. What a wonderful opportunity from an insurance man's viewpoint. That fact in itself guarantees the safety and success of this proposal.

But in the very near future new banks will be opened to supply the needs of 4,000 towns and cities which have no banks today. Who will start them? What restrictions have we under present laws to make sure they are opened by honest, competent, and experienced bankers? This proposed corporation furnishes the only restrictive features to insure these new banks being launched under sound conditions and by safe men.

This plan and proposed reform applies to 49,000,000 people, who are the backbone of this Nation and who normally have \$56,000,000,000 of deposits. But it means more than protecting depositors of a bank.

Postal Savings deposits in the United States

[In millions of dollars]

	1929	1930	1931	1932	1933
January.....	154	165	278	666	943
March.....	155	170	303	705	1,006
May.....	154	171	325	743	1,125
July.....	158	181	373	829	
September.....	160	190	470	857	
December.....	164	245	605	900	

NOTE.—Feb. 28, 1933, \$1,005,572,000. May 1, 1933, \$1,125,000,000.

This tremendous accumulating deposit is not aiding commerce and trade. It is not building bank credit—but it proves where confidence still reposes.

It means protecting the national industrial life, stabilizing of business, of commodity values, of employment and wages; it means the revival and stabilization of the business of merchants, manufacturers, railroads, utilities, professional men, the farmers, and every line of human endeavor. It even means the stabilizing of the income of the National Government.

The two largest banks that ever failed in the United States—banks holding over \$600,000,000 of deposits.

If you want to see what it will do—go to Detroit right now. Remember, two huge banks closed their doors there 10 weeks ago.

The United States Government through the Reconstruction Finance Corporation went to their rescue. They opened up one bank to take over the two failed banks. With Uncle Sam behind it the deposits rolled into the bank at the rate of 10 and 12 million dollars per day. And exactly 30 days after opening they offered back \$175,000,000 to depositors. "Come and get your money" was the order.

Listen over the shoulder of newsboys, cab drivers, hotel clerk, merchant or business man in Detroit and everywhere you hear—"banks are all right; it all depends who is behind them."

Look at the rapidly climbing figures of Postal Savings deposits—from \$150,000,000 in 1929 to \$1,125,000,000 in May 1933. The people's faith in Uncle Sam. The one and only institution in which the public has not lost its confidence is the United States Government. But these millions are not benefiting business and industry.

In spite of all the logic and fundamental justice supporting the depositors' claim for protection; in spite of the vital need and crying urgency for this reform; in spite of its dominating importance as a remedy for present economic ills—it will not be won

without a fight. The people must make a vigorous united demand for it.

The Glass banking bill now before the Senate of the United States carries a provision for insurance of bank deposits but postpones its operation until July 1934.

What does this mean? If such legislation is worthy of consideration and passage why not have it now? Isn't the economic patient sick enough now, or shall we wait until death appears, to give the medicine?

Postponement for a year means the death of the reform. It must be remembered that it was the united effort of the bankers of the country which defeated such a reform in 1908 and again in 1913. Remember also that a deposit guaranty was written into the first Federal Reserve Act. Through bitter opposition of the American Bankers Association and individual bankers, it was taken out, after solemn and sacred promises of cleaning their own house and correcting their practices.

At a convention of the American Bankers Association in Denver in 1908, resolutions were adopted opposing any plan of mutual guaranty of deposits by State or Nation. Some of the reasons were:

"It is a function outside of State or National Government."

But according to these same bankers it is a proper function of government to come to the rescue of banks with millions from the Reconstruction Finance Corporation. Just why should not the Government come to the assistance of depositors?

"It is impracticable and misleading."

Isn't it somewhat impracticable and misleading to take the depositor's money with the assurance it will be protected, and then mail him a slip from the banking examiners that the bank is closed and his deposits lost?

The resolution concludes with a statement which would be humorous if conditions were not so tragic:

"It discredits honesty, ability, and conservatism."

What banker in this year 1933 will repeat that statement?

The truth is that the one and big reason the banking fraternity opposes this reform so bitterly is that it will impose a more strict supervision on the handling of public money and bring more frequent visitations from the insurance inspector.

The wreckage in the banking field of the past few years is sufficient proof of the urgent necessity of such supervision.

There are two outstanding faults in the Glass bill plan. First, it erroneously assumes that the small depositor is to blame for the hidden money of the country, and the plan provides that the smaller deposits shall be fully insured but that larger deposits shall carry 50 and 75 percent coverage by insurance. In reality this is asking the larger depositors to gamble 25 to 50 percent on bank stability. A partial insurance in this instance is worse than none. It will not register with the American public. Why should the depositor be subjected to any gamble or hazard when he deposits his money for safe-keeping?

Secondly, the bill intends to extend the insurance protection only to Federal Reserve banks. The moment it is put in operation it will kill every nonmember bank in the United States. During the year of delay it is proposed to use this club to force all banks into the Federal Reserve System.

I hold no brief for or against the Federal Reserve System, but I do submit that when our economic ship is battling the storm, it is ruthless to club into submission those seeking aid in the lifeboat. Possibly we should have one centralized banking system, but unquestionably State banks and nonmember banks have their good reasons why they have not joined the Federal Reserve System. Let that question be settled by discussion and negotiation and not by strong-arm methods.

The bigger problem is to conquer the depression by the restoration of confidence.

Let us consider the human aspect of this question—not banking factions. Look at the stark tragedy of the past months and then think of the simple problem that confronts this Nation.

Fifty million depositors, controlling the lifeblood of the Nation, ask the assurance that when they put money in an American bank they can get it when they need it. And they will never call for it as long as they feel the bank is safe.

They will never ask for the cash while their checks are honored. Get that.

When we can put a sign on the front of every bank in America telling the public—

The deposits of this bank insured

by the

United States Deposit Insurance Corporation
(Backed by the United States Government)

then across the sky of America will appear a new rainbow of hope flashing the golden words, "Confidence restored—prosperity has returned."

INDEPENDENT OFFICES APPROPRIATIONS

The Senate resumed the consideration of the bill (H.R. 5389) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes.

The VICE PRESIDENT. The Chair will suggest that two committee amendments were passed over by unanimous con-

sent. The clerk will state the first committee amendment passed over.

The CHIEF CLERK. The first committee amendment passed over is on page 53, where it is proposed to strike out lines 1 to 25, both inclusive, and on page 54, lines 1 and 2, as follows:

SEC. 6. Whenever it shall appear to the President in respect of any contract entered into by the United States prior to the date of enactment of this act for the transportation of persons and/or things, that the full performance of such contract is not required in the public interest, and that modification or cancellation of such contract will result in substantial savings to the United States, the President is hereby authorized, in his discretion, on or before April 30, 1935, to modify or cancel such contract. Whenever the President shall modify or cancel any such contract, he shall determine just compensation therefor; and if the amount thereof, so determined by the President, is unsatisfactory to the individual, firm, or corporation entitled to receive the same, such individual, firm, or corporation shall be entitled to receive such portion thereof as the President shall determine and shall be entitled to sue the United States to recover such further sum as, added to said portion so received, will make up such amount as will be just compensation therefor, in the manner provided for by paragraph 20 of section 41 and section 250 of title 28 of the United States Code: *Provided*, That where any such contract makes provision for settlement in the event of modification or cancellation, the amount of just compensation as determined hereunder shall not exceed such amount as is authorized by said contract. Any appropriation out of which payments upon the said contract were authorized to be made is hereby made available for the payment of such just compensation.

Mr. McKELLAR. Mr. President, this provision was inserted in the bill at the request of the President. It gives him power to modify or cancel what are known as the airways and ocean mail contracts. I think he ought to have the power. When the question came up for a vote in the Committee on Appropriations, as I remember it, the committee voted 8 to 7 to strike out the provision. I hope the amendment will be rejected. I quote the provision.

SEC. 6. Whenever it shall appear to the President, in respect of any contract entered into by the United States prior to the date of enactment of this act for the transportation of persons and/or things, that the full performance of such contract is not required in the public interest, and that modification or cancellation of such contract will result in substantial savings to the United States, the President is hereby authorized, in his discretion, on or before April 30, 1935, to modify or cancel such contract. Whenever the President shall modify or cancel any such contract, he shall determine just compensation therefor; and if the amount thereof, so determined by the President, is unsatisfactory to the individual, firm, or corporation entitled to receive the same, such individual, firm, or corporation shall be entitled to receive such portion thereof as the President shall determine and shall be entitled to sue the United States to recover such further sum as, added to said portion so received, will make up such amount as will be just compensation therefor, in the manner provided for by paragraph 20 of section 41 and section 250 of title 28 of the United States Code: *Provided*, That where any such contract makes provision for settlement in the event of modification or cancellation, the amount of just compensation as determined hereunder shall not exceed such amount as is authorized by said contract. Any appropriation out of which payments upon the said contract were authorized to be made is hereby made available for the payment of such just compensation.

Mr. President, we have reduced and are reducing tremendously the number and the salaries and the wages of employees; we have reduced the salaries of Congressmen and Senators and all other officials of the Government. We have inordinately reduced, and I believe too greatly reduced, the compensation of our ex-service men, many of whom are in dire want and distress; we have cut off appropriations all along the line; but, Mr. President, these enormous subsidies given to the shipping companies and the aircraft companies are left almost intact. We have made little reduction here. We must reduce these subsidies. Think of giving favored companies, like the aircraft companies and the shipping companies, many of them owned by large banking companies like the Chase National Bank and the National City Bank of New York which directly or indirectly receive a large part of these subsidies, the amounts aggregated between \$50,000,000 and \$60,000,000. We ought to have cut off all these subsidies before we reduced the compensation of our ex-service men a solitary cent. We ought to have cut off all these subsidies before we reduced the salaries of any

of our employees a cent. Subsidies are wrong in principle and constitute a wicked perversion of Government. We have no right to take money from one class of our citizens and give the same to a wealthier class. We must give this right to our President to cut down these subsidies, and we ought to repeal all subsidy laws at the earliest possible moment.

Mr. COPELAND. Mr. President, we have at the present time a special committee giving consideration to the matter of the mail contracts. They are carrying on an extensive investigation. Undoubtedly as a result of their work there will be recommendations made to Congress.

In the next place the Postmaster General and the Shipping Board are now engaged in a study of the contracts in existence. Of necessity, if there are any fraudulent arrangements, the contracts will be canceled without any special authority of law. Likewise, there is a certain degree of elasticity in the contracts so that the amount of money spent can be controlled.

Further, in the Committee on Appropriations section 6 was stricken from the bill by a vote of 9 to 7. Immediately after that I discussed the matter with the President. Further, I saw the President 2 or 3 days ago to see if he was of the same mind. I wish to say to my colleagues that I am authorized by the President to say he does not desire the power which was given by this section and prefers to have it stricken from the bill.

Mr. McKELLAR. Mr. President, I have not talked with the President about it, but this was sent down as an administration measure. The authority was asked for. The House granted it. In the Committee on Appropriations of the Senate the vote was exceedingly close. It seems to me that the President ought to be given the power. He or those under him will certainly exercise it. We all know about these contracts. They have been discussed time and again. There is no reason why the President should not have the power that is authorized in section 6, and I hope the amendment will be voted down and the authority granted to the President to remedy this frightful travesty on justice.

The VICE PRESIDENT. The question is on agreeing to the committee amendment. [Putting the question.] The Chair is in doubt.

Mr. McKELLAR. Let us have the yeas and nays.

The yeas and nays were ordered.

Mr. COPELAND. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. COPELAND. What is the form of the question, so we may know how to vote?

The VICE PRESIDENT. The question is on agreeing to the committee amendment. A vote "yea" would be to strike out the section and a vote "nay" would be to retain it. The clerk will call the roll.

The Chief Clerk called the roll.

Mr. LOGAN. I have a general pair with the junior Senator from Pennsylvania [Mr. DAVIS], who is absent. I transfer that pair to the senior Senator from Nevada [Mr. PRITTMAN], and will vote. I vote "nay."

Mr. AUSTIN (after having voted in the affirmative). I have a general pair with the senior Senator from Virginia [Mr. GLASS], who is necessarily absent from the Senate at this moment. I am informed that if he were present he would vote "nay." I have already voted "yea." I find that I can transfer my pair to the Senator from Maryland [Mr. GOLDSBOROUGH]. I do so, and will let my vote stand.

Mr. ROBINSON of Arkansas (after having voted in the negative). On this question I have a general pair with the Senator from Pennsylvania [Mr. REED], which I transfer to the Senator from Illinois [Mr. DIETERICH], and will let my vote stand.

Mr. PATTERSON (after having voted in the affirmative). I have a general pair with the Senator from New York [Mr. WAGNER]. I understand that he has not voted. Therefore I transfer my pair with him to the Senator from Oregon [Mr. STEIWER], and will let my vote stand.

Mr. McKELLAR (after having voted in the negative). I have a general pair with the junior Senator from Delaware [Mr. TOWNSEND]. I transfer that pair to the senior Senator from South Carolina [Mr. SMITH], and will allow my vote to stand.

Mr. ROBINSON of Arkansas. I desire to announce that the following Senators are necessarily detained from the Senate in attendance on committee meetings:

The Senator from Colorado [Mr. ADAMS], the Senator from Washington [Mr. BONE], the Senator from Ohio [Mr. BULKLEY], the Senator from South Dakota [Mr. BULOW], the Senator from Virginia [Mr. BYRD], the Senator from Missouri [Mr. CLARK], the Senator from Florida [Mr. FLETCHER], the Senator from Oklahoma [Mr. GORE], the Senator from Mississippi [Mr. HARRISON], the Senator from Wyoming [Mr. KENDRICK], the Senator from Illinois [Mr. LEWIS], the Senator from Louisiana [Mr. LONG] and the Senator from North Carolina [Mr. REYNOLDS].

I also desire to announce that the Senator from New York [Mr. WAGNER] is necessarily detained from the Senate on official business.

Mr. HEBERT. I desire to announce the following general pairs:

The Senator from Vermont [Mr. DALE] with the Senator from California [Mr. McADOO];

The Senator from Rhode Island [Mr. METCALF] with the Senator from Maryland [Mr. TYDINGS];

The Senator from New Jersey [Mr. BARBOUR] with the Senator from North Carolina [Mr. BAILEY]; and

The Senator from Minnesota [Mr. SCHALL] with the Senator from Colorado [Mr. COSTIGAN].

I am not informed how these Senators, if present, would vote.

The result was announced—yeas 28, nays 35, as follows:

YEAS—28

Austin	Erickson	Kean	Robinson, Ind.
Borah	Fess	Keyes	Thomas, Utah
Capper	Hale	Loneran	Thompson
Carey	Hastings	McCarran	Vandenberg
Coolidge	Hatfield	McNary	Van Nuys
Copeland	Hebert	Nye	Walcott
Dickinson	Johnson	Patterson	White

NAYS—35

Ashurst	Connally	Logan	Russell
Bachman	Cutting	McGill	Sheppard
Bankhead	Dill	McKellar	Shipstead
Barkley	Duffy	Murphy	Stephens
Black	Frazier	Neely	Thomas, Okla.
Bratton	George	Norris	Trammell
Brown	Hayden	Overton	Walsh
Byrnes	King	Pope	Wheeler
Caraway	La Follette	Robinson, Ark.	

NOT VOTING—33

Adams	Couzens	Kendrick	Schall
Bailey	Dale	Lewis	Smith
Barbour	Davis	Long	Steiger
Bone	Dieterich	McAdoo	Townsend
Bulkley	Fletcher	Metcalf	Tydings
Bulow	Glass	Norbeck	Wagner
Byrd	Goldsborough	Pittman	
Clark	Gore	Reed	
Costigan	Harrison	Reynolds	

So the amendment of the committee was rejected.

Mr. BLACK. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. BLACK. I have an amendment which in my judgment would be germane to the bill as it now is, but would not have been germane if the committee amendment had been adopted. I desire to know what would be the appropriate time to offer that amendment.

The VICE PRESIDENT. As the Chair understands, the Senate has agreed to consider the committee amendments first. After that, any Senator who secures recognition may offer whatever amendments he wishes to the bill.

Mr. BLACK. I was asking in order to ascertain if the fact that I did not offer this amendment until the Senate had voted upon the committee amendment would affect my right to move to amend the bill as it stands at present.

The VICE PRESIDENT. That section will be open to amendment after the Senate concludes the consideration of

committee amendments. The clerk will state the next committee amendment passed over.

The CHIEF CLERK. The next amendment passed over is on page 55, where the committee proposes to strike out lines 17 to 19, inclusive, and to insert:

(b) Reductions of personnel shall be made with regard both to efficiency and to apportionment of appointments by States as now provided by law.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee.

Mr. BYRNES. Mr. President, I understand that the senior Senator from Alabama [Mr. BLACK] desires to discuss his amendment. I wish to offer an amendment to it.

The VICE PRESIDENT. Let the Chair call attention to the fact that the Senator from Alabama has offered an amendment to the committee amendment, which would be the pending question. The clerk will state the amendment offered by the Senator from Alabama to the committee amendment.

The CHIEF CLERK. On page 55, line 22, after the word "law", it is proposed to amend the committee amendment by inserting the following:

But when new appointments are made hereafter under Civil Service regulations, and there are persons on the eligible list who are residents of States which at the time are below the quota of Civil Service appointments allotted such States by law, preference in selection and appointment shall be given to those eligible persons who are residents of the State containing the least percentage of its Civil Service quota.

Mr. BYRNES. Mr. President, I desire to ask the Senator from Alabama whether he will modify his amendment by striking out the last line and changing the wording, so that it would read—

Preference in selection and appointment shall be given to those eligible persons who are residents of States having less than their Civil Service quota—

instead of the language of the amendment as it is now, providing that preference shall be given to residents of the State containing the least percentage of its Civil Service quota. The only difference is that the language suggested would give the personnel officer of a department a little greater discretion. He would have to give preference to eligibles from States having less than their quota, but would not be confined to the State having the least percentage, as the Senator's amendment provides.

Mr. BLACK. Mr. President, may I ask the Senator from South Carolina if he believes that under that suggestion of his the Civil Service Commission would be compelled to give a preference to those States which are below their quota?

Mr. BYRNES. I have no doubt about that. The same requirement that is provided in the Senator's amendment would be made; but instead of appointments being confined to the State having the least percentage of its quota, the modified amendment would authorize the personnel officers to make appointments in such a way as to give preference to States with less than their quota. I think the Senator will agree that his language would require the appointments to be made from the State having the least percentage of its quota.

Mr. BLACK. Mr. President, I may state that I called up the Civil Service Commission and asked one in authority, not officially, if my amendment would require the preference stated, and I was told that it would absolutely require it. I do not want to agree to any modification which would leave the Civil Service Commission with the discretion to appoint from States already having their quota.

Mr. BYRNES. Mr. President, I agree with the Senator, and the language of his amendment would remain, that preference and selection in appointment shall be given to those eligible persons who are residents of States having less than their quotas.

Mr. LOGAN. Mr. President, as I understand, the only difference is that the Senator from Alabama would compel the Civil Service Commission to make the selection from the

State being furtherest below its quota, while the modification suggested by the Senator from South Carolina is that they may select from any State that is below its quota.

Mr. BYRNES. That is a correct statement.

Mr. BLACK. That is correct. If the Senator will accept the amendment, and it is satisfactory to the committee in that form—

Mr. BYRNES. It is certainly satisfactory to me.

Mr. BLACK. I desire to state that what I wanted to avoid was the continual employing of people from States which already have their quota, to the disadvantage of States which do not have their quota. I shall be willing to modify my amendment to that extent.

Mr. BYRNES. I have no objection to the amendment as modified.

The VICE PRESIDENT. The Senator from Alabama modifies his amendment, and the clerk will report the modified amendment.

The CHIEF CLERK. As modified, the amendment is as follows:

But when new appointments are made hereafter under Civil Service regulations, and there are persons on the eligible list who are residents of States which at the time are below the quota of Civil Service appointments allotted such States by law, preference in selection and appointment shall be given to those eligible persons who are residents of States having less than their Civil Service quota.

Mr. FESS. Mr. President, I would like to propound a question to the Senator from South Carolina, as well as the Senator from Alabama, whether they have looked into the possibility that persons on the eligible list from States which might be below their quota might not wish to be transferred to Washington at low salaries, whether that feature has been looked into?

Mr. BYRNES. Suppose a list of three eligibles is forwarded to the personnel officials, and one of the eligibles is from a State over quota and two are from a State below quota. One of those from the State below quota would have to be selected. If in the case cited by the Senator from Ohio a person on the eligible list did not desire to be appointed, and made known that desire, of course he would not be called.

Mr. FESS. That relieves it. I was under the impression that we might very greatly embarrass the departments here by requiring them, under the law, to bring someone from a distant point who might not want to come.

Mr. BYRNES. It would not have that effect.

Mr. NYE. Mr. President, the Civil Service Commission, under date of April 1 of this year, prepared figures showing the condition of the apportionments, which I think ought to be printed in the RECORD for the information of the Senate, and I ask unanimous consent that the table may be printed in connection with this amendment.

The VICE PRESIDENT. Is there objection?

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Figures based on United States Civil Service Commission's report on condition of the apportionment Apr. 1, 1933

States	Entitled to—	Received	In excess appointments
Quotas in excess:			
District of Columbia	132	10,778	10,644
Virginia	650	2,273	1,614
Maryland	444	2,112	1,668
Iowa	672	745	73
Vermont	98	125	27
Quotas entirely filled:			
Delaware	74	74	
New Hampshire	145	145	

PAST HISTORY LEADING UP TO PRESENT CONDITIONS

In the 9 years from 1919 to 1928, when employees were being dropped from the Civil Service roll, the States lost 21,496, while the District of Columbia, Maryland, and Virginia (already having an excess of 10,440) added an additional 6,975, making an excess of 17,515 in apportionment in 1928.

	District of Columbia	Maryland	Virginia	Total	All other States
On roll in 1928	12,620	2,318	2,477	17,415	18,226
On roll in 1919	7,823	1,978	2,029	11,830	39,722
District of Columbia, Maryland, and Virginia gained				5,585	21,496

¹ Lost.

It is earnestly requested that in the event of the proposed furloughs or dismissals that the States' quotas be taken into consideration, as it would manifestly be unjust to reduce, furlough, or dismiss employees whose States have been deprived of their rightful representation, while whole families, from 3 to 9, are kept on the Federal pay roll. Many were blanketed in without having to take any examination.

Every employee should be required to reply to the enclosed questionnaire in order that Members of Congress may learn how many persons in one family (and their salaries) are actually employed.

Present condition of the apportionment detailed by States

States	Entitled to—	Received	In arrears	Percent filled
Puerto Rico	482	24	458	5
Hawaii	115	13	102	11
California	1,544	342	1,202	22
Arizona	118	33	85	28
Alaska	18	5	13	27
Texas	1,584	433	1,151	27
Oklahoma	651	196	455	30
Michigan	1,317	442	875	33
Louisiana	571	207	364	36
Arkansas	504	180	324	36
New Jersey	1,099	408	691	37
Alabama	719	313	406	44
Mississippi	546	272	274	50
Georgia	791	384	407	48
South Carolina	473	228	245	48
Wisconsin	799	405	394	50
New Mexico	119	58	61	50
Ohio	1,807	925	882	51
Illinois	2,075	1,121	954	51
Oregon	259	125	134	48
Nevada	25	15	10	60
New York	3,423	1,868	1,555	54
Washington	425	240	185	56
North Carolina	862	455	377	56
North Dakota	185	130	55	70
Connecticut	437	254	183	58
Tennessee	711	438	273	61
Kentucky	711	481	230	68
Florida	399	276	123	69
Montana	146	90	56	61
Wyoming	61	41	20	67
Idaho	121	85	26	78
Colorado	282	215	67	76
Pennsylvania	2,619	1,976	643	75
Minnesota	697	543	154	77
Indiana	881	710	154	80
Nebraska	375	305	171	80
Missouri	987	780	70	79
South Dakota	188	160	207	85
Kansas	511	409	28	80
Utah	138	123	102	89
Rhode Island	187	173	15	92
Massachusetts	1,155	1,103	14	96
West Virginia	470	467	52	99
Maine	217	213	3	98

By the furlough of employees in all cases where two or more persons in one family are employed where one of them is earning \$2,500 per annum, together with optional retirement after 25 or 30 years of service, there would be no necessity of any other furlough or cut in Government salaries.

The present efficiency rating system should be abolished, as it is unfair to employees and disrupts the service. The old system should be restored, i.e.:

Elements	Averages
Initiative	Below 70, poor.
Adaptability	From 70 to 80, fair.
Quality	From 80 to 90, good.
Quantity	From 90 to 100, excellent.
Punctuality.	
Neatness.	

Employees were rated by their immediate chief who was responsible and not able to shift the blame on someone else entirely unfamiliar with the work of the employee whom he rates as is done under the present system.

The VICE PRESIDENT. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. BYRNES. Mr. President, by direction of the committee I ask consideration of an amendment which is on the desk, to be inserted on page 61, after line 6.

The VICE PRESIDENT. The clerk will report the amendment.

The CHIEF CLERK. On page 61, after line 6, the Senator from South Carolina proposes to insert the following:

SEC. 15. (a) There shall be in the Department of Justice an Assistant Solicitor General to assist the Solicitor General in the performance of his duties, who shall be appointed by the President, by and with the advice and consent of the Senate. Said Assistant Solicitor General shall be allocated to the same classification grade and be paid the same rate of compensation as apply to Assistant Attorneys General and shall perform such additional duties as may be required of him by the Attorney General. (b) One of the existing positions of Assistant Attorney General is hereby abolished.

Mr. BYRNES. Mr. President, in explanation of the amendment, I may say that one of the positions as Assistant Attorney General is abolished. A position is created for the appointment of someone as Assistant to the Solicitor General. The result of the transfer will be a saving of a thousand dollars a year, the salary of the Assistant to the Solicitor General being fixed at \$8,000, instead of the \$9,000 salary now paid to an Assistant Attorney General. In the reorganization of the Department the Attorney General requested that this amendment be submitted; and, by direction of the committee, I offer it.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. BYRNES. Mr. President, I offer another amendment, on page 48, after line 24.

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. On page 48, after line 24, the Senator from South Carolina proposes to insert the following:

That the Attorney General of the United States is hereby authorized to agree to a judgment to be rendered by the presiding judge of the United States court having jurisdiction of the case, pursuant to compromise approved by the Attorney General upon the recommendation of the United States attorney charged with the defense, upon such terms and for such sums within the amount claimed to be payable, in any suit pending on March 20, 1933, and on the date of the enactment of this act, brought under the provisions of the World War Veterans' Act, 1924, as amended, on a contract of yearly renewable term insurance, and the Administrator of Veterans' Affairs is hereby authorized and directed to make payments in accordance with any such judgment: *Provided*, That the Comptroller General of the United States is hereby authorized and directed to allow credit in the accounts of disbursing officers of the Veterans' Administration for all payments of insurance made in accordance with any such judgment: *Provided further*, That all such judgment shall constitute final settlement of the claim and no appeal therefrom shall be authorized.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. BYRNES. Mr. President, I offer another amendment, on page 49, after line 19.

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. The Senator from South Carolina proposes an amendment, on page 49, after line 19, to insert the following:

The unexpended balance of the appropriation "Fourteenth Annual Convention of French Veterans of the World War, Washington, D.C., 1933" is hereby made available for reimbursement to the Veterans' Administration for all expenses (including transportation to bona fide residence) incurred in connection with indigent veterans in attendance at the convention of the rank and file organization of World War veterans held in Washington, D.C., during the month of May 1933, and the decision of the Administrator of Veterans' Affairs in connection with such expenditures shall be final and conclusive.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. BYRNES. Mr. President, by direction of the committee, I submit one more amendment, on page 61, to add a new section.

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. On page 61, after line 6, the Senator from South Carolina proposes to insert the following:

SEC. 16. That section 3 of the act of Congress approved May 28, 1928, entitled "An act to amend the salary rates contained in the compensation schedules of the act of March 4, 1923, entitled 'An act to provide for the classification of civilian positions within the District of Columbia and in the field services'", as amended by the act of July 3, 1930, be further amended by adding thereto the following: "Provided, That in all cases where, since December 6, 1924, in such adjustment the position occupied by an employee has been or shall be allocated to a grade with a maximum salary below the salary received by the incumbent, the rate of pay fixed for such position prior to such allocation may be continued so long as the position is held by the incumbent occupying it at the time of such allocation."

Mr. FESS. Mr. President, it seems to me we ought to have a little explanation of some of these amendments proposing new legislation.

Mr. BYRNES. Mr. President, I have offered the amendment by direction of the committee. If the Senator from Ohio wishes to have a statement as to its purpose, I would request the Senator from New York [Mr. COPELAND], who offered the amendment in the committee, to explain the purpose of the amendment.

Mr. COPELAND. Mr. President, this amendment was passed as a bill before the 4th of March.

Mr. FESS. What does it do?

Mr. COPELAND. There are 116 employees in the Customs Service in the field who were given the same pay intended by the act to be given to those who are employed here in the District of Columbia. They were paid for several months, and then the Comptroller General ruled that those in the field must be treated in a way different from the way those in the District are treated, and he made a demand upon the employees to return the money, and this is to rectify that injustice.

Mr. FESS. Mr. President, what I had in mind was that there has been considerable agitation about abolishing certain customs offices, and I was not sure whether this amendment had to do with that matter.

Mr. COPELAND. In connection with this amendment I should like to have printed in the RECORD a letter I have received regarding this matter.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

JANUARY 24, 1933.

HON. ERNEST W. GIBSON,

House of Representatives, Washington, D.C.

MY DEAR CONGRESSMAN: On March 4, 1923, an act of Congress entitled "An act to provide for the classification of civilian positions within the District of Columbia and in the field services" was signed by the President. In accordance with the terms of that act and its amendments a Personnel Classification Board was set up which classified civilian positions in the District of Columbia.

After the positions in the District of Columbia had been graded it was found that there were many employees drawing salaries at rates in excess of the top salaries of the grades to which such employees had been allocated. In order to assure these employees that their salaries would not be reduced, an amendment to the Classification Act of March 4, 1923, was adopted on July 3, 1930, by adding to section 4 the following:

"* * * *Provided further*, That in all cases where the Board shall change the allocation of a position to a lower grade the rate of pay fixed for such position prior to such change may be continued so long as the position is held by the incumbent then occupying it."

A further amendment to the Classification Act approved May 28, 1928, directed that the compensation of civilian positions in the field be adjusted to correspond so far as may be practicable to the rates established in the departmental service in the District of Columbia. Such adjustments were made in the customs field service. The adjustments resulted, as they did in the District of Columbia, in certain employees being allocated to grades in which the pay they were receiving was in excess of the maximum pay of the grades to which these employees were assigned. The Treasury Department believing that it was justified by the amendment to section 4 made in the act of Congress approved July 3, 1930, continued to pay these men in the field service at the rates of pay they were receiving at the time their positions were adjusted.

Recently the Comptroller General ruled that the amendment to section 4, above referred to, applied only to positions within the

District of Columbia, and not to the field service. In his final decision, A-44245, approved January 6, 1933, he states that he will approve no such excess salary payments in the field service after March 31, 1932. This decision results in treating employees in the field service of the Government in a different way from those employed in the service within the District of Columbia and works an injustice to such employees in the field service. Practically all the employees affected are those drawing small salaries, such as messengers and minor clerks.

To remove this injustice Senator COPELAND has introduced into the Senate a bill (S. 5475), and I understand that a similar bill will be introduced into the House providing for an amendment to section 3 of the act of Congress approved May 28, 1928, which amendment is similar to the amendment to the act of March 4, 1923, as contained in section 4 of the act of July 3, 1930, exempting civilian employees in the District of Columbia from such salary reductions.

I am making this statement so that you will have before you the facts in connection with this bill when it comes up for consideration by your committee.

A copy of the bill, as introduced by Senator COPELAND, is enclosed herewith.

Very truly yours,

PHILIP ELTING, *Collector.*

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. JOHNSON. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. On page 61, after the amendments heretofore agreed to, the Senator from California proposes to insert the following:

SEC. —. The Secretary of the Treasury is hereby authorized to effect a modification of the contract for the construction of the Long Beach, Calif., post office, so as to afford such relief as he deems to be proper for losses caused the contractor for restoration of damages to the building occasioned by the earthquake of March 10, 1933, and to make such structural and other changes in the building as may be necessary to minimize a recurrence of earthquake damage to the building: *Provided*, That the present appropriation for the Long Beach project shall be available for the purposes named, and that any additional cost incurred by reason of the above shall not exceed the present limit of cost.

Mr. JOHNSON. Mr. President—

Mr. BYRNES. Mr. President, I may say to the Senator from California that I know that that estimate has been submitted to the Committee on Appropriations, and, so far as I am concerned, I have no objection to the amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. ROBINSON of Arkansas. Mr. President, I submit an amendment, and ask for its present consideration.

The VICE PRESIDENT. The Senator from Arkansas offers an amendment, which the clerk will report.

The CHIEF CLERK. The Senator from Arkansas offers the following amendment: Add a new section at the end of the bill to read as follows:

SEC. 36. The Reconstruction Finance Corporation is authorized and empowered to make loans as hereinafter provided, in an aggregate amount not exceeding \$50,000,000 to or for the benefit of drainage districts, levee districts, levee and drainage districts, irrigation districts, and similar districts duly organized under the laws of any State, and to or for the benefit of political subdivisions of States, which prior to the date of enactment of this act have completed projects devoted chiefly to the improvement of lands for agricultural purposes. Such loans shall be made for the purpose of enabling any such district or political subdivision (hereafter referred to as the "borrower") to reduce and refinance its outstanding indebtedness incurred in connection with any such projects, and shall be subject to the same terms and conditions as loans made under section 5 of the Reconstruction Finance Corporation Act, as amended; except that (1) the term of any such loan shall not exceed 40 years; (2) each such loan shall be secured by bonds, notes, or other obligations which are a lien on the real property within the project or on the assessments, taxes, or other charges imposed by the borrower pursuant to State law, or by such other collateral as may be acceptable to the Corporation; (3) the borrower shall agree not to issue during the term of the loan any other bonds so secured except with the consent of the Corporation; (4) the borrower shall agree, insofar as it lawfully may, to pay to the Corporation, until all bonds or other obligations of the borrower acquired by the Corporation are retired, an amount equal to the amount by which the assessments, taxes, and other charges collected by the borrower exceed the cost of operation and maintenance of the project and maturities of interest and principal on its outstanding obligations, and (5) the borrower

shall agree, to the satisfaction of the Corporation, to reduce, insofar as it lawfully may, the annual taxes, assessments, and other charges imposed by it for or on account of the project by an amount proportional to the reduction in the corresponding annual requirements for principal and interest of its outstanding indebtedness by reason of the operation of this section. No loan shall be made under this section until the Reconstruction Finance Corporation (A) has caused an appraisal to be made of the property securing and/or underlying the outstanding bonds of the applicant, (B) has determined that the project of the applicant is economically sound, and (C) has been satisfied that an agreement has been entered into between the applicant and holders of its outstanding bonds or other obligations under which the applicant will be able to purchase or refund all or a major portion of such bonds or other obligations at a price determined by the Corporation to be reasonable after taking into consideration the average market price of such bonds over the 6 months' period ending March 1, 1933, and under which a substantial reduction will be brought about in the amount of the outstanding indebtedness of the applicant.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Arkansas [Mr. ROBINSON].

Mr. BRATTON. Mr. President, will the Senator give us a brief explanation of the changes which the amendment proposes to make in existing law?

Mr. ROBINSON of Arkansas. Yes.

Mr. President, when this amendment was submitted on the 15th of May a brief statement was made indicating the purposes of the provision. In a general sense, the object is to comply with criticisms of the existing law which the counsel for the Reconstruction Finance Corporation, which body is charged with the administration of the act, asserts tend to make the provision unworkable or difficult of application. There are 14 textual changes in the language, most of which are of relative unimportance. Perhaps time may be conserved by stating, in a brief way, just what these changes are.

First, in line 3, page 20, of the act the words "or for the benefit of" have been inserted between the words "to" and "drainage." The purpose of this change is to permit refinancing in cases where the districts may not have the necessary statutory authority to enter directly into all desirable arrangements for the carrying out of the refinancing. In such cases the refinancing might be accomplished through trustees or other agents. The benefit of the refinancing will, of course, go to the district in any case.

The second change is in line 5, of page 20, of the pamphlet containing the act referred to, where the words "or for the benefit of" have been inserted between the words "to" and "political"; and the object of that change is the same as that just stated.

In line 7, page 21, the words "refunding bonds" have been replaced in this draft by the words "bonds, notes, or other obligations." In explanation, it may be said that in many cases it may become necessary to acquire outstanding bonds or other obligations of the applicant rather than refunding bonds. No reason suggests itself for restricting the security to refunding bonds when the loan may be just as adequately secured by the bonds originally issued or by other obligations.

The next change is in lines 7 and 8 of page 21, where the following language, "issued to the Corporation by the borrower" is stricken out. To effect the financing it may be necessary in some cases for the Corporation to purchase or make loans on the security of outstanding bonds which will not be issued directly to the Corporation by the borrower.

The fifth change is in lines 9 and 10, page 21, where it is proposed to substitute for the words "or on the amount of the assessments levied on such property", the words "or on the assessments, taxes, or other charges imposed." In explanation of that change, let me say that in some districts the projects are supported by ad valorem taxation or other charges rather than by assessments, and no reason exists for making the distinction which the language of the original act seems to make.

The sixth change is in line 12, page 21, where there is inserted, after the word "any", the word "other." This is to make it clear that the bonds referred to are bonds other than those acquired by the Corporation. This is not a change in the intent of the existing statute.

The seventh modification is as follows: In line 14, page 21, there is to be inserted between the words "shall" and "pay" the words "agree insofar as it lawfully may to." The effect of the provision contained in the act is to require the payment of some of the bonds acquired by the Corporation prior to their maturities in the event the amount collected by the district is more than sufficient to pay the other required annual charges. This may be prohibited by the laws under which some districts are organized, and the words inserted merely constitute a saving clause in situations of this kind.

The next change is in line 15, page 21, where it is proposed to insert for the word "held" the word "acquired." I think the change referred to implies so clearly the effect of the change that I will not discuss that further.

The ninth modification is in lines 16 and 17, page 21, where the words "assessments against the real property within the project" are changed to "assessments, taxes, and other charges collected by the borrower." The reason for this change has already been explained.

Another change is found in line 18, page 21, where there is substituted for the word "interest" the words "maturities of interest and principal", which appears to be an essential change.

In lines 19 to 24, inclusive, there is a proposed change of the words:

The borrower shall agree, to the satisfaction of the Corporation, to reduce the outstanding indebtedness to the borrower of the landowners within such project by an amount corresponding to that by which the indebtedness of the borrower is reduced by reason of the operation of this section, to distribute the amount of such reduction among such landowners on a pro rata basis.

The language to be substituted is as follows:

The borrower shall agree, to the satisfaction of the Corporation, to reduce, insofar as it lawfully may, the annual taxes, assessments, and other charges imposed by it for or on account of the project by an amount proportional to the reduction in the corresponding annual requirements for principal or interest of its outstanding indebtedness by reason of the operation of this section.

The change is patently in the interest of clarity, and also takes care of those instances in which ad valorem taxes or other charges, rather than assessments, are levied.

The last portion of subsection 5, beginning with the words "to cancel", in line 24, page 21, has been stricken. The meaning of the language stricken is not clear; its purpose apparently is to prevent nonassenting bondholders from securing any advantage in the refinancing over assenting bondholders. It is not thought that this is a practicable plan or that any practicable plan can be devised which will deprive the bondholder of the right to receive payment fixed by a contract with the district in a statute under which the bond is issued. This is a substantial and important amendment.

In lines 37 and 38, page 21, after the word "bonds", appearing in each of such lines, there have been inserted the words "or other obligations." This change suggests the reason for the modification of the language.

In line 37, page 21, the word "the" has been stricken, appearing between the words "and" and "holders", and in line 38 there have been inserted between the word "refund" and the word "such" the words "all or a major portion of." The purpose of this is to make clear that the applicant is not required to make arrangements with the holders of 100 percent of its outstanding indebtedness, but only with such number as may result in a substantial reduction in the applicant's indebtedness.

In view of the considerable number of changes in the language, it has been deemed best and most effective to rewrite the entire section. I think I have nothing further to add.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Arkansas.

Mr. McCARRAN. Mr. President, I wish to offer an amendment to the amendment if that is in order.

The VICE PRESIDENT. The Senator from Nevada offers an amendment to the amendment, which will be stated.

Mr. McCARRAN. Mr. President, may I be permitted to read it and offer it from the floor, as it is short, and I have not prepared it in written form?

After the figure "(2)", in line 10, page 2 of the amendment offered by the Senator from Arkansas, I move to insert the following:

To irrigation districts organized under the laws of any State and operating under contract with the United States, to aid in the payment of their operation and maintenance charges, and to provide funds for the installation and operation of necessary works, and to protect the rights of the United States in the project.

May I say in this respect, Mr. President, that this amendment was adopted by the Senate to the farm relief bill as it passed this body, but was omitted when the bill came from conference. It is simply designed to protect the rights of the Federal Government in Federal projects. In some of these projects the locators, the farmers, have been unable, by reason of existing conditions, to raise the money with which to pay their maintenance and operation charges, which charges have to be paid under the rules of the Reclamation Bureau to the Government for the protection of the Government's property. It is just another class of projects that is not included in the amendment.

I move the adoption of the amendment to the amendment.

Mr. ROBINSON of Arkansas. Mr. President, I am sorry not to be able to accept the amendment of the Senator from Nevada. I feel impelled to observe that his amendment proposes to provide funds for the operation of the districts. This amendment as drafted and as it was adopted in the original act is confined to the refinancing of obligations that already exist, and is intended to lighten the tax burden on the land embraced within the districts, so as to enable them to avail of the refinancing provisions under the farm-mortgage arrangement carried in the Farm Relief Act.

Mr. McCARRAN. Mr. President, I think the Senator from Arkansas fails to grasp the full significance of my amendment. I think he misconstrues its application. All that these project farmers desire to do is just what is set out in the amendment of the Senator from Arkansas and clarified in the Senator's amendment, which would permit them to borrow from the Reconstruction Finance Corporation on bonds issued by themselves and secured by the property of the project. They do not ask for any relief save and except the privilege of borrowing so that they may pay the charges of maintenance and operation that are imposed against them by the law under which they are operating.

It may be explained a little further that the districts have taken over and relieved the Government of the expense of maintaining the districts, but nevertheless are compelled by contract and by the law to maintain their canals and laterals and their overhead charges. They desire to borrow temporarily for the purpose of paying those expenses back to the Government.

Mr. President, I ask for a roll call on my amendment to the amendment of the Senator from Arkansas.

Mr. COPELAND. Mr. President, I should like to ask the Senator from Arkansas if the proposal here is identical with a proposal that might be made to assist a city in its temporary troubles over taxation?

Mr. ROBINSON of Arkansas. "Is identical with a proposal that might be made?"

Mr. COPELAND. Yes.

Mr. ROBINSON of Arkansas. I could not tell whether this proposal is identical with any proposal that has not been made. I do not know how to make a comparison between this proposal and one that might be made.

Mr. COPELAND. The purpose of this is to lighten the present tax burden of drainage districts and irrigation districts by permitting them to borrow pending the receipt of assets which they have in the way of outstanding applications, and so forth.

Mr. ROBINSON of Arkansas. Mr. President, I will make a further explanation of the amendment. In many areas heavy improvement-district taxes were imposed under local statutes. The districts issued bonds in order to finance their projects. In numerous cases, with the decline that

has occurred in the prices of agricultural lands and the fall also in agricultural commodity prices, the present charges have not been met, many of the districts are in default, foreclosures are imminent, and land owners are being deprived of their homes. In numerous cases no refinancing arrangement as to existing farm mortgages may be effected within these areas for the reason that the taxes constitute a first charge on the land, and have either matured or are approaching maturity.

One of the primary objects of the amendment is to place agricultural home owners within these improvement districts in a situation under which they may be able to refinance their mortgages. As already stated, under present conditions they cannot do that. In my conception of it, it is an entirely distinct problem in its fundamental aspects from the financing of obligations or operations of municipalities or other governmental subdivisions. This is essentially a farm-relief measure touching some of the most productive lands in the United States. Without it, the refinancing arrangement to which I have referred respecting farm mortgages cannot be effected.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Nevada to the amendment of the Senator from Arkansas.

Mr. McCARRAN. I ask for the yeas and nays.

The yeas and nays were not ordered.

The amendment to the amendment was rejected.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Arkansas.

Mr. TRAMMELL. Mr. President, I desire to offer an amendment to the amendment.

The VICE PRESIDENT. The amendment to the amendment will be reported for the information of the Senate.

The CHIEF CLERK. On page 2 of the amendment of the Senator from Arkansas, line 1, after the word "projects", insert "or projects, a major portion of which has been completed."

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Florida to the amendment of the Senator from Arkansas.

Mr. TRAMMELL. Mr. President, in the general farm-relief bill which passed the Senate there was a provision substantially the same as this, but it was stricken out in conference. My reason for offering the amendment is that there are many drainage projects in the country that may not be entirely completed, but a major portion of which has been completed. These districts have bonded obligations and they are certainly as much in need of some financial assistance as a district that has been entirely completed. They need assistance toward refinancing, toward reducing their indebtedness, in order that the assessment which has been made by the taxpayers up to the present time may not be a total loss. Their position, in my opinion, is equally meritorious as the position of a district that may be said to be completed. If they do not get assistance, looking at it from the question of the value of the land and the contribution to agriculture, the entire project may fail.

I am in hopes we can adopt my amendment to the amendment of the Senator from Arkansas so that a district so situated may have access to the privilege of obtaining a loan. I have worded it "a major portion of which has been completed."

My State, so far as reclamation by drainage is concerned, has practically pioneered in that respect. We have some completed districts. We have some that are equally as worthy, and the lands equally as desirable, which are not completed. The people living in those sections have contributed large sums of money to bring the projects up to something like near completion, and a great deal of the land is being used at the present time. The entire project or the entire district is not yet in a finished state. I am in hopes we can make available to those districts the privileges and the benefits that are authorized by the bill for what may be called the completed districts.

Mr. COPELAND. Mr. President, it seems to me exactly the same argument that can be used with reference to this

matter, which I have no doubt is a very worthy cause, could be made with reference to school districts. We have any number of school districts in this country which are unable to function because of the poverty of the taxpayers. I should like to see the matter given a broader interpretation to include other activities rather than simply a particular class. That is the reason why I ventured to ask the question a moment ago of the Senator from Arkansas [Mr. ROBINSON] if the same argument would not apply to municipalities.

We had here the other day a petition signed by 97 mayors of cities in the United States calling attention to their inability to collect taxes and the consequent interference with municipal activities such as health, fire, and police departments. There is no doubt that we have, not alone as regards irrigation districts but as regards every other activity of municipal government, the same burden that is brought out by this particular proposal. I have no disposition to oppose the proposal, but my plea is, if we are going to do something for this particular group, for this particular division of Government, that we ought to do it for other divisions of Government. That is the way I feel about it and I dare say other Senators will have the same feeling if they give the matter careful consideration.

Mr. ROBINSON of Arkansas. Mr. President, I realize there is much force in what has been said by the Senator from New York, but I again call attention to the fact that the object of the pending amendment is so to reform an existing statute as to make it workable in the opinion of those who have to enforce it. No one can state the approximate cost of financing schools and municipalities.

With respect to the amendment offered by the Senator from Florida [Mr. TRAMMELL], it would open up a new field. The pending amendment and the existing statute limit their application to projects that have been completed. The object is not to promote reclamation but it is to prevent foreclosures through a readjustment of the existing indebtedness which has matured or is about to mature and under which refinancing arrangements cannot be effected.

I am, therefore, unable to accept the amendment of the Senator from Florida.

Mr. DILL. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. Yes, sir.

Mr. DILL. I was not in the Chamber all the time the Senator was speaking, but I want to be clear about this matter. This is the provision that is in the farm bill providing for loans to drainage and irrigation districts which the Reconstruction Finance Corporation officials say is unworkable in its present form?

Mr. ROBINSON of Arkansas. Yes.

Mr. DILL. And the purpose of this amendment is to correct that language?

Mr. ROBINSON of Arkansas. That is exactly right. I had made that statement before the Senator came in.

Mr. GEORGE. Mr. President, I desire to ask the Senator from Arkansas why it would not be advisable to let this amendment go to the Finance Committee, which is now considering the bill which amends the Reconstruction Finance Corporation Act, the public works bill? It seems to me to be out of order to put an amendment like this on an appropriation bill, and I am surprised that those in charge of the bill do not raise a question of practice and procedure.

I am not hostile to the purposes of the amendment, but this matter ought to have some mature consideration. I merely wish to know why it would not be much better to let the matter go to the Finance Committee, which today is considering the public works bill.

Mr. ROBINSON of Arkansas. Mr. President, I have repeatedly explained, by implication, why I cannot concur in the proposal suggested by the Senator from Georgia.

In the first place, this is not a public construction bill, as I have already said. This is a part of the refinancing program that has already been adopted by the Congress. This amendment would not be here except that those who administer the act already in existence find that because of certain language in the law the act is not easily workable.

The original provision was presented by myself and sent to the Committee on Banking and Currency. That provision was studied, and an amendment in the nature of a substitute was reported by the Committee on Banking and Currency, and the provision was incorporated in the farm-mortgage-refinancing part of the bill, which carried three titles and is commonly known as the "Farm Relief Act." The subject has been studied at very great length, and, in all probability, it would be impossible to proceed to a complete revision of the measure during the present session if entirely new legislation should be undertaken. We are approaching, as we hope, the end of the session. I am very much disappointed, in view of the circumstances, that the Senator from Georgia should make the suggestion that he has made.

Mr. McNARY. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Oregon?

Mr. ROBINSON of Arkansas. I yield.

Mr. McNARY. I have just had a moment to read the amendment hastily, but it seems to me this language was contained in the farm relief bill, or very similar language.

Mr. ROBINSON of Arkansas. Yes.

Mr. McNARY. And was passed by the Senate, but went out in conference.

Mr. ROBINSON of Arkansas. No; that is not correct, if the Senator will pardon me. As I have already explained while the Senator was out of the Chamber, this is a provision that was incorporated in the Farm Relief Act; but the Reconstruction Finance Corporation, through its counsel, making a study of the act with a view to giving it application, and having already proceeded as far as it may, reached the conclusion that certain changes in the language are necessary in order to enable the Corporation to do what Congress intended it should do. I think I might say that there is a difference of opinion as to the necessity for these changes; but the argument seemed to me impressive with respect to some of them, and I have gone through every change that this language makes in the existing statute. Many of the changes are mere verbal ones, while others have relationship to the practicability of the methods of refinancing. The amendment does not alter the principle of the measure that passed Congress some weeks ago. It is merely a corrective amendment.

Mr. GEORGE. Mr. President, I merely wish to make a statement.

The public buildings bill, or the industrial recovery bill as it may be called, is before the Finance Committee at this moment. That bill expressly amends the Reconstruction Finance Corporation Act in more than one particular; and this amendment would be germane and proper if it were offered to that bill. I know—every Senator here knows—that if matters of this kind are to be tacked on to appropriation bills, we will get into trouble, and a lot of trouble. I shall feel no restraint whatever in voting to suspend the rules of the Senate in order to put anything which seems desirable on an appropriation bill if we are going to permit matters of this character to be injected into an appropriation bill; and I desire to make another statement. I do not know that there are very many members of the Banking and Currency Committee present, but I desire to make it.

The Banking and Currency Committee has not hesitated to amend the Reconstruction Finance Corporation Act in any way to serve particular purposes and to grant loans to particular interests, legitimate interests; but they have been strangely deaf and cold to many other worthy suggestions and many other worthy amendments that have been presented to the Banking and Currency Committee. Personally, I should like to have the opportunity to put into some amendment of this kind the authority to grant loans to many other worthy projects and many worthy enterprises not now eligible for loans. It seems to me that if we are to continue to extend the activities of the Reconstruction Finance Corporation we have very nearly reached the point where we cannot deny to any citizen who has adequate,

ample, satisfactory security, and who will put more people to work, the privilege of going to that Corporation and getting a loan.

I do not want to make a point of order on the amendment, but during this session only those proposals with special friends at court, apparently, at least have received favorable consideration by the committee. I am stating what every Senator here knows who has undertaken to expand the activities of the Reconstruction Finance Corporation so as to afford more work for unemployed people. It is always objected that we cannot extend loans to private enterprise, and we are met with the other objection, that we cannot set the precedent of extending loans based wholly or in part upon the power of taxation; yet in this very amendment taxes, or tax levies, may constitute the security that may be offered to the Reconstruction Finance Corporation.

Mr. President, what I want to do, not in hostility to this amendment, is to see whether the Senate and the Congress are to continue to make fish of one and fowl of another, when one of the purposes of the Reconstruction Finance Corporation Act, as amended, is to give more people work, to put more people into some sort of constructive enterprise. I think that this amendment should not be offered, but those in charge of the bill may well be advised that if it is adopted no Senator will feel the slightest restraint in voting to suspend the rules of the Senate in order to offer anything on an appropriation bill, either this appropriation bill or any other appropriation bill that may be brought in.

Mr. DILL. Mr. President, I think the Senator from Georgia takes a mistaken view of this matter, because in effect this becomes a sort of bankruptcy proposition for these drainage and irrigation districts. It is not a case of loaning them money to go ahead with their work, but it is a kind of bankruptcy proposition whereby they can be put on their feet by loans from the Government, and continue to go forward.

I think it is highly important that the amendment should be adopted as quickly as possible.

The PRESIDING OFFICER (Mr. BARKLEY in the chair). The question is on the amendment offered by the Senator from Florida [Mr. TRAMMELL] to the amendment of the Senator from Arkansas [Mr. ROBINSON].

The amendment to the amendment was rejected.

The PRESIDING OFFICER. The question now is on the amendment offered by the Senator from Arkansas [Mr. ROBINSON].

Mr. OVERTON. Mr. President, the amendment offered by the Senator from Arkansas refers to levee districts. I should like to ascertain from him whether he thinks that its provisions cover a situation like this:

In the execution of the flood-control project on the lower Mississippi River and its tributaries the local authorities—namely, the levee boards—are required to make local contributions in the form of rights of way. They have been doing that; but they have reached the point where they cannot very well finance that obligation any further, and they require aid from the Reconstruction Finance Corporation, which is about the only place where they can obtain funds with which to go on with this work. In order to furnish those rights of way for the construction of the levees by the Federal Government it is necessary that the levee boards should refinance their present outstanding obligations for those rights of way; and I was wondering whether the Senator from Arkansas would accede to an amendment that would carry out that thought.

Mr. ROBINSON of Arkansas. Mr. President, for the very reason that I found myself unable to accept the amendments proposed by the distinguished Senator from Nevada [Mr. McCARRAN] and the able Senator from Florida [Mr. TRAMMELL], I am unable to agree to an arrangement which will expand the purposes of this amendment so as to provide for new construction, or to do anything more than to save from bankruptcy these various districts, and save the farmers owning lands within them the ruin that must follow from the sale of their lands if some such arrangement as this is not made.

I am sorry not to be able to accede to the request of the Senator.

Mr. COPELAND. Mr. President, exactly the same thing applies to school districts. There are lots of small school districts in my State which are unable to function because of the inability of the taxpayers to pay their taxes; and those taxpayers likewise are likely to lose their possessions because they cannot pay their taxes.

It seems to me that if we are to do something of this sort, it ought to be made general enough so that every part and section of the country would be benefited by it. This amendment is very restricted in its operation; and \$50,000,000, a tremendous sum, is involved in it. I am not disposed to raise the point of order; but I am sure the amendment is subject to a point of order because it is legislation, and, as the Senator from Georgia has suggested, is entirely aside from the purposes of the appropriation bill.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Arkansas [Mr. ROBINSON]. [Putting the question.] The Chair is in doubt.

On a division, the amendment was agreed to.

Mr. ROBINSON of Arkansas. Mr. President, I have two other amendments to offer. One of them I am offering at the request of the President.

Some weeks ago the Senate Committee on Foreign Relations authorized the report of a resolution making available \$48,500 for the expenses of participation by the United States in the International Institute of Agriculture at Rome. There are rigid limitations imposed in the bill on the expense and salary items.

Yesterday there was published on the first page of the RECORD a letter from the President of the United States, addressed to the Vice President, a similar letter having been sent to me, and also, I believe, to the Senator from Nevada [Mr. PITTMAN], urging the participation of the United States in the conference, and asking the adoption of this amendment. If it is desired, the letter might be read, but it is available for the study of Senators, and I will not ask that it be read unless some Senator demands it.

I submit the following amendment.

The PRESIDING OFFICER (Mr. GEORGE in the chair). The amendment will be reported.

The CHIEF CLERK. On page 50, after line 25, it is proposed to insert the following:

INTERNATIONAL INSTITUTE OF AGRICULTURE

The sum of \$48,500, or so much thereof as may be necessary, is hereby appropriated for the expenses of participation by the United States in the International Institute of Agriculture at Rome, Italy, to be expended under the direction of the Secretary of State in the following manner:

(1) Not to exceed the equivalent in United States currency of 192,000 gold francs for the payment of the quota of the United States for the support of the Institute, including the shares of the Territory of Hawaii, and of the dependencies of the Philippine Islands, Puerto Rico, and the Virgin Islands.

(2) Not to exceed \$5,000 for the salary of a United States member of the Permanent Committee of the International Institute of Agriculture.

(3) Not to exceed \$5,500 for rent of living quarters, including heat, fuel, and light, as authorized by the act approved June 26, 1930 (46 Stat. 818); compensation of subordinate employees without regard to the Classification Act of 1923, as amended; actual and necessary traveling expenses; and other contingent expenses incident to the maintenance of an office at Rome, Italy, for a United States member of the Permanent Committee of the International Institute of Agriculture.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. ROBINSON of Arkansas. Mr. President, I have one further amendment, which I send to the clerk's desk and ask that it be reported.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. It is proposed to add at the proper place the following:

The Botanic Garden, together with all records, property, and personnel pertaining thereto, is transferred to the Department of Agriculture, effective the 1st day of the second month following

the enactment of this act, and the appropriations for the support thereof are hereby made available to the Department of Agriculture.

Mr. COPELAND. Mr. President—

The PRESIDING OFFICER. Does the Senator from Arkansas yield to the Senator from New York?

Mr. ROBINSON of Arkansas. I yield.

Mr. COPELAND. I simply want to suggest that this is a change of law, is it not?

Mr. ROBINSON of Arkansas. I think it is. Will the Senator withhold his statement for a moment?

Mr. COPELAND. Yes.

Mr. ROBINSON of Arkansas. Mr. President, the Botanic Garden is now under the jurisdiction of the Joint Committee on the Library. It has seemed to a number of citizens who have studied the subject that the present arrangement is rather an inconsistent one, and that the best interests of the service to which the Botanic Garden is devoted may be advanced by transferring it to the Department of Agriculture and consolidating it with other similar activities.

Frankly, I have been prompted to submit this amendment by a distinguished lady, who has given thorough study to the subject and who finds it of great interest and importance. She has submitted a statement, which, I believe, gives the Senate important information. I quote from the statement made by Mrs. Frank Noyes, who for many years was chairman of the committee of the Garden Club of America having subjects similar to that now under discussion in their jurisdiction. I quote from the statement of Mrs. Noyes:

The transfer of the Botanic Garden to the Agriculture Department recommended recently by the Budget is of such outstanding importance that we wish to endorse it for many reasons.

Under the direction of the scientific men in the Agriculture Department already engaged in the importation and propagation of tropical and semitropical trees and shrubs (who for years have had no proper place to display their rare and ever-increasing specimens) this recently constructed conservatory of the Botanic Garden could be maintained at a much lower cost than the present proposed appropriation by Congress for this purpose, as the salaries of these experts are already provided for.

A truly magnificent display of national importance could be produced in time for those seeking such information at the Capital.

As a confirmation of this statement I wish to quote from a recent message received from the eminent scientist, Dr. David Fairchild, now residing in Florida. (He must be familiar to you all as he has been engaged for years in searching the world for material as a member of the Agricultural Department staff.)

"If what is proposed now had taken place 20 years ago we might have built something of national importance out of the then so-called 'Botanic Gardens' and, through its glass houses, introduced in the general house cultured new plants of beauty and importance."

The exhibitions of amaryllis and chrysanthemums which are being held in cramped quarters that may soon be razed could also be displayed on the grounds at the Botanic Garden and thus consolidate all such interests to the public.

It has never seemed to us that these expensive buildings for which an appropriation of \$800,000 was recently made, could properly serve their purpose unless some such reformation could be effected. We have been told that much of the present stock is diseased and should be renewed and, of course, the cost of purchasing new material would be almost prohibitive. The maintenance would, of course, be greatly reduced by having stock which is constantly being renewed in the Agriculture Department and which would be available at all times for such purposes.

I submit also a statement by A. F. Woods, director of scientific work, and ask that it be incorporated in my remarks.

The PRESIDING OFFICER. Is there objection?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

BOTANIC GARDENS, CONGRESSIONAL CONSERVATORY

1. The Department of Agriculture maintained for many years a large conservatory of decorative and economic plants similar in nature and purpose to the Botanic Garden Conservatory. This was removed about 1905 to make way for the west wing of the new Agricultural Building. The plants were sent to various botanic gardens that possessed facilities to care for them. Some went to the Botanic Garden here.

It did not seem to us wise to rebuild that type of structure in view of the fact that the Congressional Botanic Garden occupied the field.

Such collections are valuable and useful for educational purposes and they are usual in educational centers, such as Washing-

ton. The Shaw Gardens, of St. Louis, the New York Botanic Garden at the Bronx, New York, are good examples of the more extensive efforts of this kind maintained largely by endowments. The horticultural departments of most universities maintain such collections for educational purposes.

In developing the National Arboretum, which has been authorized by Congress, and part of the land for which has already been purchased, there will eventually be need for greenhouse equipment similar to what has been constructed for the Botanic Garden. If these projects are combined now, duplication of effort can be prevented and the new development in both fields can take place in a unified way, both as to administration and planning.

Our plant explorers are bringing in from time to time tropical and subtropical plants that could be cared for and studied in such a place.

The gradual building up of such collections would be more economical than attempting to duplicate the usual type of educational collections and would be in the end probably of more educational and practical value.

In the development of such collections of plants great care has to be taken to see that they are free from dangerous or potentially dangerous insects, pests, and diseases. Only such plants of the present collections could be used as could be freed from such pests.

All new material brought in must be kept in quarantine for a sufficient time to assure freedom from such pests. Our Plant Introduction Service is the only agency now equipped or authorized to do this for plants introduced from foreign countries. While we have made no recommendations in this matter, and it has not come before the Department until Dr. Taylor was called before the House Committee on Appropriations, I may say that it is in line with the general plan to consolidate on a functional basis wherever such consolidation would lead to economy and efficiency.

A. F. WOODS,
Director of Scientific Work.

Mr. ROBINSON of Arkansas. Mr. President, this amendment was suggested by the Director of the Budget. The statement of Mrs. Noyes which I have read fairly and briefly presents the argument in favor of the amendment.

Mr. COPELAND. Mr. President, I doubt whether any Member of this body is more interested in flowers and plants than am I. I give practical evidence of that feeling every day.

The Botanic Garden to be the place where the amaryllis or Easter lilies are to be displayed! Does that appeal to us in these days?

The Botanic Garden has a fundamental scientific purpose to serve. It has been used by the scientific world for more than a hundred years, since 1820. It is a place where botanical specimens are displayed, to assist the teachers and teaching institutions. It is a place where there is given knowledge of the real appearance of the plants and flowers gathered from all parts of the earth, plants which are studied in the schools of America.

More than that, Mr. President, the materia medica, useful to the human family, and to all of the lower animals as well, is founded largely upon the use of medicinal plants. In this institution have been exhibits of such plants, and here it has been possible to find plants which have been used in making many of the remedies which have to do with the healing of the Nation.

Mr. President, I feel so strongly on the matter that I must raise a point of order against this amendment, since it is legislation seeking to do away with a law now in existence.

The PRESIDING OFFICER. The point of order seems to be well taken, and the Chair holds the amendment not in order.

Mr. McNARY. Mr. President, may I ask the Senator from New York whether he is going to persist in his objection under the rule?

Mr. COPELAND. I understand the Chair has already ruled that the point of order is well taken.

Mr. McNARY. I hope the Senator will withdraw his point of order.

Mr. BARKLEY. I may say to the Senator that if he does withdraw it I will renew it.

Mr. FESS. I also will renew it.

Mr. BLACK. Mr. President, I send an amendment to the desk, which I wish to offer.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Alabama yield to me?

Mr. BLACK. I yield.

Mr. ROBINSON of Arkansas. It is my intention, Mr. President, to prepare and introduce for reference to the

appropriate committee a bill which will provide for a transfer of the Botanic Garden to the Department of Agriculture, so as to assure that the matter may be disposed of on its merits whenever the Congress is in a position to act on it.

Mr. BLACK. Mr. President, I ask that the amendment which I have sent forward be reported.

The VICE PRESIDENT. The amendment will be stated for the information of the Senate.

The CHIEF CLERK. It is proposed to amend section 6 by adding the following:

SEC. 4. That after the enactment of this act the Postmaster General is directed to suspend payments upon any air mail or ocean mail contract, to any individuals, companies, or corporations, which singly or in combination with other individuals, companies, or corporations receiving a subsidy, pay any salary or salary combined with bonus, to any officer, agent, or employee in excess of a salary of \$17,500. If such individual, companies, or corporations employ any officer, agent, or employee on a part-time basis, such salary, or salary combined with bonus, shall be reduced in proportion to such part-time employment.

Mr. BLACK obtained the floor.

Mr. BYRNES. Mr. President, I make the point of order that the amendment is not in order.

Mr. BLACK. Mr. President, I do not yield for that purpose at the present time; but I have no doubt that the amendment is in order, and I shall explain it now.

I am sure no point of order can be sustained. If there is any question of germaneness raised, it would have to be presented to the Senate for a vote, and for that reason I desire to make a few remarks on the proposed amendment before the Senate might be called upon to vote on it.

I might state that this amendment now offered is taken from a bill reported from the Committee on Post Offices and Post Roads a few days ago. I have used the exact language which was reported by the committee.

There is in this bill now—and I am adding this amendment to that particular section—a provision which gives the President the right to cancel these contracts if he desires to do so. Therefore, we have before us, in connection with this matter, the question of the ocean air mail contracts. No one can say that this is not germane to that point.

Mr. President, when I offered the bill originally, which went to the Committee on Post Offices and Post Roads, I provided for a lower limitation on the salaries. The Committee on Post Offices and Post Roads, however, saw fit to raise it to \$17,500. That was done largely by reason of the fact that the Senate had adopted, a few weeks ago, a similar limitation of \$17,500 as applied to those institutions borrowing money from the Reconstruction Finance Corporation.

I want to give the Senate one example of what is going on with the money of the people of America in connection with the payment of salaries to officers of these companies. I have before me a report of salaries paid to the officers of one steamship company. The steamship company happens to be owned by one man, except that 2 or 3 others own a nominal amount of shares in order to be directors.

In 1928 the grand total drawn by the president of the company for salary, dividends, and personal expenses was \$77,480; in 1929 it was \$183,936.

Mr. TYDINGS. Mr. President—

The PRESIDING OFFICER. Will the Senator from Alabama yield to the Senator from Maryland?

Mr. BLACK. I yield.

Mr. TYDINGS. What part was salary and what part was dividends? I ask that question because we do not know how much stock the president of the company held.

Mr. BLACK. He owned all the stock.

Mr. TYDINGS. But we do not know what the investment was and whether the dividend was large or small, or how much of the payment was salary.

Mr. BLACK. I shall be glad to let the Senator from Maryland see the complete report. I will state that this man is really the owner of the business. I have not figured it out, but I think it will be found that he owns about 99.75 percent of the stock.

Mr. TYDINGS. How much was it worth?

Mr. BLACK. I shall be glad to give that figure. The salary of the president—

Mr. TYDINGS. That is it.

Mr. BLACK. I will have to get it for the Senator. I will state, however, that he draws salary from 2 or 3 different subsidiaries of the same company, all of them receiving a subsidy and all of them being supported by the subsidy.

Mr. TYDINGS. Mr. President—

Mr. BLACK. I yield to the Senator from Maryland.

Mr. TYDINGS. If the Senator is going to mention the excessively high salaries, which I presume are the premise for his argument, if he includes dividends in the total amount, it is impossible for us to tell whether or not the salary is high or low. My interrogatory was asked merely in order that we might have a clear understanding of what the Senator is presenting.

Mr. BLACK. I will give that. His salary from one company for 1929 was \$50,000; his personal expenses drawn were \$34,000; his dividends for that year were \$74,000. Of course in this case the dividends amount to a salary, because, as I have said, this man is the owner of the company.

The sum total for 1930 was \$121,366; for 1931 it was \$110,064; for 1932 the salary was \$70,305. It might be interesting to note that in 1932 the company was drawing a subsidy of \$1,200,000. It has had that increased to a little more than \$2,000,000. At the same time they were borrowing money from the Government of the United States, and we find that on December 31, 1932, there was either an extension or a new loan of \$1,638,750 at three eighths of 1-percent interest, while the Government at that time was paying about 4-percent interest or a little more than 4-percent interest, as the Senator from Maryland will remember. We find, however, that on the last day of last December—the last of the year—there is shown a loan of \$1,638,750 from the Government at three eighths of 1-percent interest. During the 5 years from 1928 to 1933 this one individual drew out in salaries, expenses, and dividends \$563,151, or almost enough to pay one half of the money which was borrowed at three eighths of 1-percent interest.

Mr. TYDINGS. Mr. President—

Mr. BLACK. I yield to the Senator from Maryland.

Mr. TYDINGS. I do not want to divert the Senator from his line of argument, because I realize the force of what he is saying; but this situation often occurs in connection with our shipping projects: Down at Solomons Island, Md., there are 7 or 8 large ocean liners tied up. They have been tied up ever since the World War. We have a watchman or two on them to keep the machinery in shape. No visitors are allowed upon them, and the ships appear to be in excellent condition. I am wondering just what a sound Government policy should be in connection with those ships. Should we sink them; should we sell them for whatever we can get for them; or should we allow them to remain tied up, when they are worth hundreds of thousands of dollars and have been idle all these years tied up alongside the river bank? I do not want to divert the Senator from the course of his argument, but I know he has spent much time on the shipping phase of our governmental activities, and in connection with his remarks I should like to get his opinion upon that situation.

Mr. BLACK. I will say to the Senator that I should not, as the Senator suggests, want now to be diverted into a discussion of that situation. I will say that a committee of the Senate is making a study of the entire situation affecting mail contracts, air and ocean, and the question suggested by the Senator may come incidentally into the investigation, and probably will if the committee reports on what should be the policy of the Government.

Mr. TYDINGS. Is the Senator a member of the committee?

Mr. BLACK. I am chairman of that committee.

Mr. TYDINGS. If the Senator will yield for just a moment further, I shall not interrupt him again. I hope, as chairman of the committee, he will take into consideration

the situation which I have outlined, and will make some recommendation in accordance with the facts. Those ships, I think, have been there now for about 10 or 12 years; they are worth hundreds of thousands of dollars; and to keep them there tied up, with only a watchman on board, when they are in splendid condition, seems to me to indicate that we lack a policy. We either ought to dispose of them or sink them or do something else with them.

Mr. BLACK. I will state to the Senator, with reference to that at this time, although I do not desire to discuss it, that from the investigation I have made thus far I am satisfied we could sink them cheaper than we could turn them over to the so-called "merchant marine."

Mr. TYDINGS. Or sell them for junk.

Mr. BLACK. Or we could hire all kinds of watchmen at high salaries and make money simply to keep them there with watchmen looking after them.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. BLACK. I yield to the Senator from Tennessee.

Mr. McKELLAR. As I understand the Senator's amendment, it prohibits the lending of money by the Reconstruction Finance Corporation to any shipping company drawing a subsidy from the Government which pays an annual salary to any officer in excess of \$17,500?

Mr. BLACK. The amendment does not provide that. It provides that the Postmaster General shall cancel subsidy contracts if the ocean and air mail companies pay annual salaries in excess of \$17,500.

Mr. McKELLAR. Mr. President, it seems to me the amendment of the Senator from Alabama ought certainly to be adopted. We have cut down the salaries and wages of all the employees of the Government; we have cut down, by 15 percent, the salaries of Representatives in Congress and Senators; we have cut down inordinately, and probably without justice, the compensation of all the ex-service men of the country; and surely, after making these great reductions to these others, we ought to insist upon reductions in the case of those who are receiving subsidies from our Government.

Take the shipping companies; take the aircraft companies; they are drawing altogether more than \$50,000,000 a year, purely as subsidies; and certainly we ought to cut down those subsidies; they ought to have been among the first reductions made; and I am heartily and strongly for the Senator's amendment.

Mr. BLACK. Mr. President, before the Senator from Maryland leaves the floor—I am not going through all these figures—I should like to invite his attention to the list of salaries of another subsidized company. In 1929 the president of this subsidized company—and, by the way, before I state the salary I will say that in this particular company there are 200,000 shares, as I recall, and 193,936 of them are held in trust by the Chase National Bank of New York—was paid \$75,000. I am not going through all the list; I am just giving a few of the items. In 1930, he received \$35,000 from one company, \$10,000 from another, and \$20,000 from another. All those companies were receiving subsidies. In 1931 he received \$14,375 from one, \$14,375 from another, and \$28,750 from another. In 1932, last year, at the time when we proceeded to cut salaries throughout the country, the president of that company drew \$52,000. These salaries that I have given are just indications of what is going on with Government money.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. BLACK. I yield to the Senator.

Mr. TYDINGS. I am interested in learning whether this particular line is engaged in intercoastal trade or trade with Central or South America or trade with Europe and the Orient.

Mr. BLACK. This particular line to which I have referred is the New York & Cuban Mail Steamship Co.

Mr. TYDINGS. I imagine it plies between the port of New York and Habana.

Mr. BLACK. That is correct, and it has various other lines.

Mr. TYDINGS. I understand that they cannot draw subsidies unless they carry the mail outside the territorial limits of the United States?

Mr. BLACK. That is the supposition.

Mr. TYDINGS. And the Senator is referring only to those lines that are going to outside ports?

Mr. BLACK. Those only that draw subsidies.

Mr. BYRNES. Mr. President—

Mr. BLACK. I yield to the Senator from South Carolina.

Mr. BYRNES. I wish to say to the Senator from Alabama that since this amendment has been offered—and I have had an opportunity to read it—I readily agree that it is not subject to a point of order. The only question at all is as to its germaneness. I do not intend to make the point as to its germaneness, and am entirely willing to have the Senate vote on the amendment.

Mr. BLACK. To have the Senate vote on it now?

Mr. BYRNES. Yes.

Mr. VANDENBERG. Mr. President, will the Senator yield before he takes his seat?

Mr. BLACK. I yield.

Mr. VANDENBERG. I was challenged by a figure which the Senator used a moment ago respecting loans. Did I hear him correctly when I understood him to say that a loan was made in 1932 at the rate of three eighths of 1 percent per annum?

Mr. BLACK. I have before me a report, submitted in answer to a questionnaire sent out by the committee of which I am chairman, which shows the loans obtained from the United States Shipping Board construction loan fund. The figures appear in this way regarding one of those loans:

\$1,638,750; three eighths of 1 percent: 8/—

Which is August—

4/32—12/31/32.

Which would be December 31, 1932.

Mr. VANDENBERG. Does the Senator interpret that as indicating that the loan was made at that time?

Mr. BLACK. I interpret it as indicating either that the loan was made or renewed on December 31, 1932.

Mr. VANDENBERG. Of course, that date is subsequent to the passage of the law, which I sponsored, which prohibited any of these loans at a lower rate than 3 percent per annum; and I am challenged by the possibility that loans are still being made at three eighths of 1 percent when the law now clearly puts the floor at 3 percent.

Mr. BLACK. I will state to the Senator that we intend to go into all these matters fully and completely; but that in this instance, in my judgment, according to the way in which the notation is made, there is indicated a renewal on December 31, 1932, at three eighths of 1 percent.

Mr. VANDENBERG. I suggest to the Senator in connection with the survey that he compare these contracts with the law to which I have referred, which was enacted by the Congress 2 years ago.

Mr. BLACK. Mr. President, I should like to say, while I am discussing the proposal, that we have a committee investigating the matter, and the committee has an appropriation of \$5,000. We want to make a thorough and complete investigation. I believe we can save the Government of the United States \$20,000,000 next year by a thorough and complete investigation. That thorough and complete investigation, of course, can only be held if all of the figures can be analyzed as obtained from the various companies. Some of them have not yet reported. Whether they will report voluntarily or not, I do not know. Before the Senate adjourns it is my intention to ask for a sufficient appropriation to really and thoroughly, and for one time at least, make a complete investigation of every ocean and air mail subsidy that has been granted by the United States Government. I think we can guarantee that the Government will be repaid manyfold for the cost of the investigation when we shall have finished it.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Alabama.

The amendment was agreed to.

Mr. WALCOTT. Mr. President, I have an amendment which I desire to offer.

The PRESIDING OFFICER. The amendment will be reported.

The LEGISLATIVE CLERK. At the appropriate place in the bill it is proposed to insert the following:

Sec. —. Enforcement of the black-bass law: To enable the Secretary of Commerce to carry into effect the act entitled "An act to amend the act entitled 'An act to regulate interstate transportation of black bass, and for other purposes,' approved May 20, 1926" (U.S.C., supp. V, title 16, secs. 851-856), approved July 2, 1930 (46 Stat., pp. 845-847), \$13,950, of which not to exceed \$1,800 may be expended for personal services in the District of Columbia.

Mr. WALCOTT. Mr. President, I desire to make a very brief statement about the amendment. The item was included in the Budget. It came from the Director of the Budget in exactly these words. It was approved by the Senate committee. I am authorized to say that the Secretary of Commerce, Mr. Roper, and the recently appointed Director of the Bureau of Fisheries, Mr. Frank Bell, are heartily in favor of this very small appropriation of \$13,950.

The importance of it is that the Federal Government a few years ago spent about \$25,000 in erecting a plant for cultural work on black bass. This is for continuation annually of the cultural work and the protection of the black bass. It is exceedingly important for the purpose of saving our black bass, which is perhaps our first game fish and is found in 41 or 42 of the 48 States. There is a large distribution, and it affords a great deal of sport and a large food value. As we have in the Department now a great expert on the culture of the black bass, it is very important that he be retained. This item will not only pay his small salary but will carry on the defensive and cultural work as it relates to black bass.

Mr. BYRNES. Mr. President, I make the point of order against the amendment that it is not germane. In this bill there is no appropriation for the Department of Commerce, under which Department the proposed appropriation would have to be expended.

I know of the interest of the Senator from Connecticut in the matter, but the facts are that at this session, or when the Department of Commerce appropriation bill was considered, the House refused to make an appropriation for this purpose. The Senate Committee on Appropriations inserted the item, which was adopted by the Senate and went to conference, and thus had its day in court. The House insisted that it should not be retained in the bill and the item was lost.

On the merits of the appropriation I do not care to have anything to say. The amendment is not germane to the bill and I think if it is to be offered and to have a second trial at this session, it should be offered to the deficiency appropriation bill and we should not be asked to make an appropriation for the Department of Commerce in the independent offices appropriation bill.

The PRESIDING OFFICER. The question of germaneness does not seem to be involved. The amendment is offered to carry out existing law. In the opinion of the Chair the question of germaneness is not involved.

Mr. BYRNES. Then I make the point of order that the item was not estimated for.

Mr. McNARY. Mr. President—

The PRESIDING OFFICER. In the opinion of the Chair the point of order is not well taken.

Mr. McNARY. I concur in the ruling of the Chair and inasmuch as the ruling was made overruling the point of order I have nothing further to say.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Connecticut.

The amendment was agreed to.

Mr. BLACK. Mr. President, I send to the desk another amendment which I offer.

The PRESIDING OFFICER. The amendment will be reported.

The LEGISLATIVE CLERK. The Senator from Alabama proposes, on page 49, line 7, to strike out "\$1,000,000" and

insert "\$2,000,000"; and on page 49, line 8, strike out the period, insert a colon, and add the following: "Provided, That one half of \$2,000,000 so appropriated shall be used for supplying hospital treatment for veterans, without regard to whether their disability was service connected or not."

Mr. McNARY. Mr. President, will the Senator permit me to suggest the absence of a quorum before he proceeds? Several Senators desire to be present when the amendment is considered.

Mr. BLACK. Very well.

Mr. McNARY. I suggest the absence of a quorum.

Mr. BYRNES. Mr. President, will not the Senator from Alabama permit us to dispose of several other amendments which are pending before this one is taken up?

Mr. BLACK. Very well; I will withdraw it temporarily in order that other amendments may first be disposed of.

Mr. McNARY. Then I withdraw the suggestion of the absence of a quorum.

Mr. BYRNES. Mr. President, there are several amendments on the desk as to which notice was given, and it is to those amendments I refer in expressing the hope that we may dispose of other amendments first. However, the Senators who offered those amendments are not here, and I have no further reason to ask the Senator from Alabama to withhold his amendment at this time.

Mr. BLACK. Very well. Then I renew the offer of my amendment.

Mr. McNARY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Keyes	Robinson, Ind.
Ashurst	Couzens	King	Russell
Austin	Cutting	La Follette	Schall
Bachman	Dickinson	Lewis	Sheppard
Bailey	Dill	Logan	Shipstead
Bankhead	Duffy	Loneragan	Steiwer
Barkley	Erickson	Long	Stephens
Black	Fess	McAdoo	Thomas, Okla.
Bone	Fletcher	McCarran	Thomas, Utah
Borah	Frazier	McGill	Thompson
Bratton	George	McKellar	Townsend
Brown	Glass	McNary	Trammell
Bulkeley	Goldsborough	Metcalf	Tydings
Bulow	Gore	Murphy	Vandenberg
Byrd	Hale	Neely	Van Nuys
Byrnes	Harrison	Norris	Wagner
Capper	Hastings	Nye	Walcott
Caraway	Hatfield	Overton	Walsh
Carey	Hayden	Patterson	Wheeler
Clark	Hebert	Pope	White
Connally	Johnson	Reed	
Coolidge	Kean	Reynolds	
Copeland	Kendrick	Robinson, Ark.	

Mr. LEWIS. Let me announce that my colleague [Mr. DIETERICH] is temporarily detained. He will return to the Chamber later in the day.

I beg to announce the absence of the senior Senator from Nevada [Mr. PITTMAN], he being on an international commission having to do with important affairs of the Government. I ask that this announcement stand for the day.

I also announce that the Senator from South Carolina [Mr. SMITH] is detained on official business.

The PRESIDING OFFICER. Eighty-nine Senators having answered to their names, a quorum is present.

MESSAGE FROM THE HOUSE—ENROLLED BILL SIGNED

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the Speaker had affixed his signature to the enrolled bill (H.R. 4494) authorizing a per capita payment of \$100 to the members of the Menominee Tribe of Indians of Wisconsin from funds on deposit to their credit in the Treasury of the United States, and it was signed by the Vice President.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS AND JOINT RESOLUTION

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who announced that the President had approved and signed the following acts and joint resolution:

On May 20, 1933:

S. 1410. An act to amend section 207 of the Bank Conservation Act with respect to bank reorganizations;

S. 1415. An act to amend sections 5200 and 5202 of the Revised Statutes, as amended, to remove the limitations on national banks in certain cases; and

S.J.Res. 50. Joint resolution designating May 22 as National Maritime Day.

On May 25, 1933:

S. 753. An act to confer the degree of bachelor of science upon graduates of the Naval, the Military, and the Coast Guard Academies.

INDEPENDENT OFFICES APPROPRIATIONS

The Senate resumed the consideration of the bill (H.R. 5339) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes.

Mr. BLACK. Mr. President, I desire to make a brief explanation of the amendment which I have offered, and the object of it.

When the economy bill, for which measure I voted, was up in the Senate, a question arose as to whether or not all veterans would be eligible for hospital treatment. I offered an amendment to the bill when it was in the Senate. As the bill came to the Senate, the President would have had no right and no discretion to utilize the beds in the hospitals for veterans whose disabilities were non-service-connected. I offered an amendment to the bill, which would leave in the President the discretion to utilize our Government hospitals for the use of all veterans, whether their disabilities were service-connected or non-service-connected. After some discussion, that amendment was unanimously adopted.

During the discussion, the statement was made by the Senator from Georgia [Mr. GEORGE], who now occupies the chair, that the administration estimated that some five to six thousand beds would be released, and those beds would be commanded by service-connected cases. The Senator from Georgia was a member of the Finance Committee, and, as I understand, a member of the subcommittee of that committee which particularly hears legislation with reference to veterans. In other words, those favoring the measure believed that the beds in the hospitals were needed for the service-connected cases, and therefore that if the law limited the use of the hospitals to service-connected cases, those whose cases were non-service-connected would be removed from the hospitals, and their beds would be filled by service-connected cases.

In presenting my amendment I took the viewpoint—and the Senate agreed with it—that the Government hospitals should be utilized to the fullest extent, particularly during these times of distress throughout the Nation; in other words, that if a sick soldier should be removed from a veterans' hospital, and he was an object of charity, it meant nothing but transferring the obligation from the Federal Government to the local community that had a free hospital. That is inevitable, because in this country there has grown up a system—not so broad and extensive as I hope it will be in the future—of providing hospital and medical treatment for every citizen of the Nation who is unable to provide it for himself.

I believed then—and I believe now—that the Government has a duty in this vast program of medical and hospital treatment. I believed then—and I believe now—that it is the Government's duty to take as its share of the national load those men who have served in its Army.

We had an experience at the beginning of the World War as to what good health means in our citizenship.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Idaho?

Mr. BLACK. I do.

Mr. BORAH. As I understand, the Senator's amendment increases the appropriation a million dollars.

Mr. BLACK. It does.

Mr. BORAH. The Senator has devoted a great deal of thought to this matter. Does he think that will meet the situation as it is now presented to us?

Mr. BLACK. I will state to the Senator that according to information coming to me since I drew the amendment, the appropriation which is now carried would be adequate to fill every veterans' hospital in the Nation. If we desire to utilize the Government hospitals that are not veterans' hospitals, such as the naval or military hospitals, then I am not sure that the million dollars would be adequate to fill those hospitals. Not having information, I simply desire to raise the question here in this bill, and frankly get an expression from the Senate as to whether or not they believe that there should be 15,000 empty beds in Government hospitals in America while there are 15,000 sick American soldiers who need hospital treatment.

Mr. COPELAND. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from New York?

Mr. BLACK. I yield to the Senator.

Mr. COPELAND. Does not that mean also that in all probability thousands of those soldiers are so poor that they will be taken care of by the locality or the county or the town at public expense?

Mr. BLACK. The Senator is absolutely correct. As I stated in the beginning, it is merely a transfer of the load of the soldiers who are ill from the Federal Government to some local charitable hospital. It does not amount to any saving to the Nation. It amounts to a saving to the Federal Government of the expense to which it would be put in caring for a sick soldier; but it transfers that obligation to the county or the municipality or the State which does provide hospital treatment for its sick and indigent people.

Mr. COPELAND. That means that the cost of the care is on the taxpayer?

Mr. BLACK. The taxpayer, of course, will have to pay it in the end.

Mr. COPELAND. And the soldier is subjected to the loss of self-respect through being made an object of charity instead of being taken care of properly by the Government.

Mr. BLACK. The Senator is correct. I will give the Senate an illustration of what I mean, and why I am interested in this amendment.

Several years ago a soldier who had fought honorably in the World War went to a local charitable hospital in a city that I know very well. They were filled then, as most of them are filled now. That soldier had been to a number of places seeking relief. He froze to death in front of a local charitable hospital into which he could not enter. When his body was picked up, an honorable discharge from the American Army was found in his inside coat pocket.

I believe that so long as there is a single bed in a single Government hospital capable of being used by American soldiers it should be so used.

Mr. HATFIELD. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from West Virginia?

Mr. BLACK. I yield to the Senator.

Mr. HATFIELD. The Senator's amendment would underwrite better care and greater protection for the soldiers, would it not?

Mr. BLACK. That is my intention. I believe it would.

Mr. HATFIELD. I am quite sure it would.

Mr. BLACK. I believe it would.

In other words, Mr. President, the issue is very simple, and I desire to repeat here what I said a few days ago: If I am not mistaken as to the political philosophy of the President of the United States, he would be the last man in this Nation to stand against using 15,000 beds in American hospitals for American sick soldiers if he knew the facts.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Idaho?

Mr. BLACK. I yield to the Senator.

Mr. BORAH. I certainly have no desire to question the Senator's conception of the President's humanitarian phi-

losophy, but he has certainly been unfortunate in the selection of some of his agents in the administration of the Economy Act.

Mr. BLACK. I am perfectly willing to agree with the Senator 100 percent in that statement.

Mr. BYRNES. Mr. President, will the Senator from Alabama yield to me?

Mr. BLACK. I yield to the Senator.

Mr. BYRNES. I desire to ask the Senator from Alabama if he would be willing to modify his amendment in a way that I think would appeal to him, by adding the words "not less than", so as to read:

Provided, That not less than one half of \$2,000,000 so appropriated shall be used—

And so forth; the purpose being—

Mr. BLACK. I will state to the Senator now that I am perfectly willing to accept that amendment, by reason of the fact that I have been informed by those in the Veterans' Bureau that there is sufficient appropriation to take care of these soldiers.

Mr. BYRNES. If the Senator would do that, we would make it plain, as I know it is the object of the Senator, that non-service-connected but permanently and totally disabled soldiers shall be cared for in the hospitals. As the amendment is written, it might be construed as a limitation; but if the Senator will put in a provision that not less than one half of the amount shall be used for supplying hospital treatment for veterans, I shall be glad to accept the amendment.

Mr. BLACK. May I get clear on that? I do not want it to be understood that I would favor removing service-connected cases from the hospitals in order to replace them with non-service-connected cases. I am of the opinion, as most of us are, that the man who had his leg shot off in the Army or was otherwise seriously wounded, is the first, primary obligation of the Nation.

Mr. BYRNES. I think the Senator and I will agree that the inclusion of the words "not less than" will make it possible for the administration to do what he wants to have done.

Mr. BLACK. And the Senator believes that with that amendment there would be enough money to take care of all the service-connected cases?

Mr. BYRNES. Absolutely. That is my understanding.

Mr. BLACK. And that that would be the expression of the Senate that it wants these 15,000 beds filled up with soldiers?

Mr. BYRNES. The Senate, of course, would have to express its sentiments; but my information is that this would be adequate, and would carry out the Senator's purpose.

Mr. BLACK. Will the Senator accept the amendment?

Mr. BYRNES. I accept the amendment.

Mr. SHIPSTEAD and Mr. TRAMMELL addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Alabama yield; and if so, to whom?

Mr. BLACK. I yield first to the Senator from Minnesota.

Mr. SHIPSTEAD. Mr. President, if the Senator's amendment is adopted, that, of course, would make it possible to spend a million dollars for non-service-connected hospitalization, would it not?

Mr. BLACK. In the manner in which the amendment is to be rewritten, it would provide both for the service-connected and for the non-service-connected cases.

Mr. SHIPSTEAD. Yes; but the money to be spent for non-service-connected cases would be limited to a million dollars, as I understand.

Mr. BLACK. No; not under the amendment as suggested by the Senator from South Carolina.

Mr. SHIPSTEAD. What was the amendment?

Mr. BYRNES. That not less than one half should be spent for veterans, without regard to whether their disability was service connected or not; but, as a matter of fact, under the operation of it, since, of course, service-connected disabilities are hospitalized now, the amendment would

make it possible for the officials to pay more than one half if it were necessary to take care of the total number.

Mr. SHIPSTEAD. One half of what—\$2,000,000?

Mr. BYRNES. One half of the total amount.

Mr. BLACK. In other words, may I state to the Senator, that since I drew this amendment I have found out that it contains enough appropriation to take care of both classes of cases.

Mr. SHIPSTEAD. The \$2,000,000?

Mr. BLACK. No; the total appropriation for hospital purposes.

The amendment suggested by the Senator from South Carolina simply brings within its scope both service-connected and non-service-connected cases, with an adequate appropriation; and it would be an expression on the part of the Senate that we do not want to continue 15,000 empty beds in hospitals throughout the Nation.

Mr. SHIPSTEAD. Under that provision, does the Senator think it would be possible to take care of all the non-service-connected cases?

Mr. BLACK. I may state to the Senator from Minnesota that I doubt if all the non-service-connected cases could be taken care of with the facilities which we have. What I am trying to get is the use of the hospital facilities, as far as we have them, for soldiers.

Mr. BYRNES. That is the purpose of the Senator from Alabama. If there is a lawyer who wants to rest up in Walter Reed Hospital, he might not be cared for under this amendment; but every case that demands hospitalization would have a much better opportunity for hospitalization.

Mr. SHIPSTEAD. He cannot come in until the service-connected cases are taken care of.

Mr. BYRNES. Yes; under all the appropriations.

Mr. SHIPSTEAD. There will be some who will not be taken care of, undoubtedly.

Mr. BLACK. The Senator is correct. We could not take care of them with our present hospital facilities. It is a question for the future, of course, as to how far we will go in extending hospital facilities. I wish to put myself on record now, insofar as I am individually concerned, as believing that the Federal Government should adopt as its part of the national care of those who need medical and hospital treatment the supplying of hospital and medical treatment for the men who have served in its Army.

Mr. SHIPSTEAD. Mr. President, if the Senator will permit me, I wish to state again that I was opposed to the economy bill because of certain features of it, and I think my suspicions as to how it would work out have been verified. I think it is a monstrosity, so far as the veterans are concerned, the way rules and regulations have been put into practice.

Mr. BLACK. May I state before I take my seat—and I do not want to prolong the discussion, since the Senator has accepted the amendment—that I think there were many abuses of the system which ought to have been corrected. I think there were some that were outrageous. I think there were people drawing compensation who should not have had a dime.

Mr. SHIPSTEAD. Mr. President, will the Senator yield again?

Mr. BLACK. I yield.

Mr. SHIPSTEAD. If that is the fact, that is the fault of the administration of the law, and not of the law. If men got on the pay roll of the Government who were not entitled to be put on the pay roll, they certainly did not get there under a correct administration of the law. It was not necessary to have rules and regulations, if that is correct, to eliminate fraudulent cases from the Government pay roll.

Mr. BLACK. Of course, I am not going back into a discussion of the original economy measure. We were faced with a most difficult situation at the time that measure was under consideration, and there was room for honest difference of opinion on the part of those who had the same

objective. I myself think there are a number of these regulations which are going to be modified.

Mr. SHIPSTEAD. I hope so.

Mr. BLACK. I have every confidence that the President of the United States, when the facts come to his attention, will make those modifications.

Mr. SHIPSTEAD. The Senator referred to an honest difference of opinion. I want to assure the Senator that I did not intend to cast any reflection on him at all.

Mr. BLACK. I understand that thoroughly, and the Senator would be the last person here who would ever do a thing like that.

Mr. LEWIS and Mr. McKELLAR addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Alabama yield; and if so, to whom?

Mr. BLACK. I yield to the Senator from Illinois.

Mr. LEWIS. Mr. President, I have been surprised to hear the Senator from Alabama inform us that there are 15,000 empty beds under the control of the Government which could be used for needy soldiers, and that there are 15,000 individual suffering soldiers somewhere who could occupy those beds. I ask the able Senator from Alabama from what source come the figures by which the Senator relies upon the theory that there are 15,000 beds and 15,000 individuals, soldiers of America, without treatment, waiting the consolation of a charitable bed in some State hospital?

Mr. BLACK. I will state to the Senator that my information with reference to the number of beds, in round numbers, not with reference to the exact number, comes from the Veterans' Administration. It is impossible for me to have the exact number of soldiers who are occupying beds in charitable hospitals, but I do know, as does every other Senator, that there are thousands and thousands of soldiers all over this Nation who need and desire hospital treatment, and we do know that before the economy bill went into effect this 15,000 beds were fully occupied by sick soldiers. Conditions have certainly not grown appreciably better since the bill was passed with reference to the poverty-stricken condition of the people of this Nation. These beds having become empty, not through the voluntary action of the soldiers but by reason of the fact that they have been excluded from the hospitals by the regulations, I think one can naturally reach the assumption, and legitimately so, that if this regulation is modified the beds will immediately be filled up by sick soldiers.

Mr. LEWIS. Where these soldiers, in their condition, deserve places in these hospitals, what is the excuse, if any, offered by the Government for declining them these empty beds which belong to the Government, and which are being maintained and sustained today by the taxpayers?

Mr. BLACK. The regulations prohibit the use of those beds now for any cases except those that are service-connected, and the cases of those who are suffering from permanent incapacity. The hospitals, under the regulations, will not today receive veterans unless they are suffering in that manner.

Mr. LEWIS. Does the Senator feel that by enlarging the regulations, omitting the limitations, and prescribing only that the cases shall have been connected with the war we would remedy the present condition?

Mr. BLACK. I am frank to state to the Senator that, in addition to this amendment, a modification of the regulations will probably be required, and I am confident that our President will modify those regulations. I believe, as has been stated, that his entire conception of social justice is such that as soon as he becomes aware of this situation he will direct a change in the regulations.

Mr. LEWIS. Does the Senator believe that with the change automatically will operate the opportunity of those who are without the hospital treatment to enjoy these empty beds in the Government hospitals?

Mr. BLACK. There is no sort of doubt about that. As I stated awhile ago, I offered an amendment to the original economy bill, which was accepted, which left the discretion in the President to permit these soldiers to come in by regulation, but when the regulations were drawn, unfortunately,

from what I believe to be a misconception of the necessity of the service-connected cases, the regulations prohibited the use of the beds by the non-service-connected cases that were not permanent.

I might state to the Senator, in order that the record may be clear, that I believe a mistake was made on this assumption. The administration reported to the committee, when the original economy bill was before the committee, that a great many service-connected cases were deprived of present hospital facilities because the beds were filled by non-service-connected cases, and it was believed by the administration at that time that if we would prohibit the use of the beds by non-service-connected cases which were not permanent, the beds would immediately be filled up by service-connected cases of a necessitous character. But experience has shown that that did not develop. Experience has demonstrated that our hospital facilities are more than adequate to take care of the service-connected cases, and, therefore, today there are 15,000 empty beds in Government hospitals, while there are these soldiers who need hospital treatment who cannot receive it. I am absolutely sure, myself, that this amendment is not out of line with the administration's desire, or with the administration's conception of social justice and social right.

Mr. LEWIS. Mr. President, I am glad to have the explanation of the Senator but I deplore the situation, and I learn for the first time that such a condition of injustice to the soldier, where it is so apparent that there was relief at hand, has been allowed by this Government.

Mr. TRAMMELL. Mr. President, may I ask the Senator from Alabama a question?

Mr. BLACK. I yield.

Mr. TRAMMELL. I am thoroughly in agreement with the position taken by the Senator from Alabama, and I may say that I never dreamed that there was any intention to wholesale the sick soldiers out of these homes upon the enactment of the economy bill, as was done. The first I read of it was that about 360 sick soldiers were being put out of the hospital at Dayton, Ohio. The next I read was that they were discharging sixty-odd a day at the hospital at Leavenworth, Kans. The article which contained the latter information said that they were turning them out of the hospital without furnishing them transportation home. I do not think any Senator or any Representative ever contemplated that such a condition would ever exist.

The point I wish to raise is this: I want to remedy the situation, and remedy it effectively, just as does the Senator from Alabama, but can the Senator be sure that by adopting his amendment we would remedy the situation? We would still leave the law with the provision in it making it optional with the President and the Veterans' Administration as to whether or not they would give any accommodations to non-service-connected cases at the Government hospitals. If we could I would like to have put into this amendment a provision that hospitalization shall be given to both service-connected and non-service-connected cases, the service-connected cases being given preference where there are limited facilities.

Mr. BLACK. Mr. President, I desire to state to the Senator from Florida that the Senator from Georgia has now pending before the committee an amendment to the Economy Act which would make it mandatory to utilize the hospital facilities to the utmost. My judgment is that if we attempted to put that on this bill, it would be subject, justly, to a point of order. My judgment is, further, may I state to the Senator, that I have the fullest confidence that the President of the United States will within the next few days remedy an intolerable and an unjust situation.

Mr. TRAMMELL. Mr. President, I suggested this because a number of amendments have been allowed to go through which were clearly out of order, under our rules, and I know of no one I should prefer waiving the rule for quicker than these soldiers who have been mistreated, and mistreated through a wrong construction of the law, as I look at it. That is why I had hoped that we could make a closed issue of the matter at this particular time by writing into this

amendment a provision that the soldiers should be entitled to this hospitalization, instead of allowing it to be in the discretion of the administration and the President.

I have every respect for the President. I had every respect for the President when I voted for the economy bill. But, as stated by the Senator from Idaho, in his selection of agents, the President has selected agents in many instances who have grossly and inhumanly treated the veterans of this country, and I do not care to intrust too much to those agents in the future, I am frank to say.

Mr. BLACK. Mr. President, let me add this one statement to the Senator. I thoroughly agree with him. It is my idea that every Government hospital ought to be used to the limit of its facilities. If the unexpected should occur, and the rules should not be changed, I think the Senator may rest assured that we have enough votes to change them before the end of this session of Congress.

Mr. TRAMMELL. Mr. President, I will be very much opposed to the Congress adjourning before the matter is absolutely and specifically settled, not leaving it to discretion, which may be vested, of course, in the President, but the President, we all know, cannot go over all these details. This matter has been entrusted to certain people in the Veterans' Administration and to the Director of the Budget, and in every possible instance they have construed the law against the soldier. They have not only construed it against the nonservice-connected case, but they have construed it against the service-connected case.

I have a letter here, just a form letter, which I think does not correctly state the law. This is addressed to me in regard to claims and states:

In reply to your letter of date May 24, 1933, the Seventy-third Congress, in an act entitled "An act to maintain the credit of the United States Government", approved on March 20, 1933, directed that all awarded claims be immediately reviewed.

Mr. President, I have read the law time and time again and I find no such provision in it. This matter of attempting to review cases where the claims have already been established and are in the record, and reduce the amount of the compensation before they even obtain any further evidence, is not in accordance with the law, but it is a misconstruction of the law, and it is violative of the spirit of the law. So, when we have a law administered by people like that, I think the quicker we make the provision very specific and definite on these vital points the better it is, and it is our duty to do it.

Mr. McKELLAR. Mr. President, I am very heartily in favor of the amendment of the Senator from Alabama. The Federal Government has built these hospitals throughout the country at enormous expense. Not to use them now would be wholly uneconomical. These men have got to be cared for somewhere, somehow, by someone. They were soldiers under the flag of our Government, and the first duty, in my judgment, of the Federal Government is to provide adequate care for them. I believe that all these hospitals should be utilized and that all the beds in them should be made use of so long as there are soldiers who need the services of the hospitals and need the beds.

I believe that this amendment will cure the situation. I think our President as soon as there shall be provided, as there will be provided under this amendment, the money with which to conduct these hospitals and permit the use of the vacant beds, will have the regulations so changed that these hospital facilities may be advantageously employed.

Mr. President, I want to say further that while we may have made errors in the past in reference to granting compensation in some cases and providing hospitalization in some cases where it was not right and proper to do it, still we owe such a duty to our soldiers that, in my judgment, we should take care of them, and I believe it can be done more economically, more efficiently, by the use of the facilities already in existence, including the beds already available, than in any other way. I also believe that the President will carry out the provisions of this amendment if the Senate shall adopt it, and I hope there will be no votes against it.

Mr. VANDENBERG. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Michigan?

Mr. McKELLAR. Yes; I yield.

Mr. VANDENBERG. The Senator has expressed confidence if the money shall be provided that the regulations will be adequate. How does the Senator explain the fact as brought out by the Senator from Oregon [Mr. STEIWER] yesterday that the existing appropriations are far in excess of the money necessary to administer the regulations as they now stand? In other words, phrasing the question differently, after the appropriations themselves were reduced those who drew the rules and regulations did not expend the appropriations allowed, but cut still further under them to the extent of another 50 percent.

Mr. McKELLAR. I do not know what the facts are about that, but I imagine those in charge of the administration of this relief felt that they were using all the appropriations that were allowed.

The Senator from Oregon very forcefully put the other side of the question; I cannot say, of my own knowledge, which is right; but I think that by adopting this amendment we shall so impress those who are now administering the act that they will change the regulations and make provision so that the beds in the various hospitals of the country may be utilized by the soldiers.

Mr. VANDENBERG. I am simply suggesting to the Senator, agreeing as I do with his fundamental philosophy, that it will take more amendments than this one in order to realize the minimum expectations of Congress when we passed the Economy Act.

Mr. McKELLAR. The Senator from Michigan may be right; but I say that this is a forward step, and in the right direction; and, if this step shall not be sufficient, I believe that this body will take the other necessary steps to bring about the end desired.

Mr. JOHNSON. Mr. President, we have now reached upon this bill the first of the amendments relating to the veterans of the World War, and because we have thus reached the first of these amendments and others are to follow which are equally as important as that presented by the Senator from Alabama [Mr. BLACK], I want to indulge in a few observations concerning the act in question and concerning what I conceive to be the duty of the Congress of the United States at this particular time.

At the outset of what I say, may I iterate and reiterate, so that hereafter I may not have to express it again, my very great admiration for the President of the United States, and my unstinted and unbounded confidence in what ultimately he may do; but I recognize, sir, that in the multiplicity of his duties, in all of that which now comes to him, it is an utter impossibility that every detail of every law shall be by him administered. He is dependent, of course, upon his ministers in order to do that which may be necessary respecting the statutes the Congress passes. The administration of the Economy Act he cannot himself in every aspect attend to; he has been dependent upon others; and the question of the administration of that act is what presents itself to us today in the amendments that have been offered and upon which I trust there will be votes in this body during the afternoon. I listened with interest and approbation to the greater part of the excellent speech of the Senator from Oregon and with the utmost sympathy to what has been said of the Spanish War veterans.

I recall the amendment, I think, which the Senator from Florida [Mr. TRAMMELL] has presented and the one which the Senator from New Mexico [Mr. CUTTING] has presented, both of like character but both dealing with a particular class of veterans. Each of them if I am accurate in my statement seeks now to do tardy justice to those who went "over the top," those who have been shot to pieces, those who have lost their legs and their arms and their eyes, and who, either because of ignorance or for some other reason which we are unable to fathom have been treated with a

harshness, aye, with a cruelty under the Economy Act that no man upon this floor contemplated when that act was passed.

Every one of us, all those who are interested in the Economy Act, from the members of the Economy League itself to the least and lowest and the smallest of us in this body, had one thought and one only. It was impressed upon the country again and again and again and again that these men who had been injured directly in the service, who had received wounds and who had been permanently or semipermanently disabled, would be treated, to use the language that was used upon this floor and used all over this country, not only justly but generously. Quite the reverse has been the fact under the economy law. I voted for that law, and I have no apologies to make for it. I will shortly read what transpired upon the Walsh amendment, not in justification of that vote but only in mitigation of it. Then it was asserted upon this floor that these men, constituting the class of those who had been injured, who were disabled, and who were suffering, were to be treated absolutely with the generosity with which we thought we had treated them in the past, and that there was to be no change by reason of what we were doing respecting their status.

I have before me the CONGRESSIONAL RECORD of March 14, 1933. It was a day of hysteria with us all, a time when we had not yet become numbed by reason of the celerity with which we were working and adopting a new philosophy of government; a time when the revolution that has occurred in this country—a revolution that we little understand at the present moment, and which we did not then understand at all, a revolution that we did not foresee and of which today we have no adequate comprehension—was only in the making and had not reached the consummation that it is now reaching in the last few days of the session.

There is an old trite expression of inability to see the forest for the trees; and we, sitting here engrossed with our duties, with measure after measure shot at us in bewildering fashion, with little understanding of much that we did but ready to do what ought to be done, so far as we could see the light, had little conception of the economic revolution that has occurred in the United States of America. Ye who believe in individual initiative and in the old slogans that have been a part of the game with the conservatives of both parties in the years gone by will never again witness in the United States the old system. The old system has passed with the economic revolution that has occurred during these short 3 months; it has passed into oblivion, and never again will be resuscitated or revived in this land.

At that time, when we were beginning our work and had little conception of what was in store and what was intended, there came to us the economy bill. Everyone of us sought to aid the President in his arduous and his difficult task; everyone of us here was anxious—and no partisanship was in it to the slightest degree—to lend him a helping hand in the perilous crisis that confronted the Nation. All of us did it, and so the economy bill was passed here overwhelmingly, and passed with the idea concerning the veterans of this land that there were certain things that would not, under any circumstances, be disturbed by that economy bill.

On the 14th day of March, when the Walsh amendment came before the Senate, certain things occurred. Now, follow me, Senators, if you will. I grant you, in fairness, that the Walsh amendment contained a clause or a phrase or two words which might have perverted it to a different use; but, as we adopted it, as we understood it, as every man so stated upon this floor, its design was to protect the men who had been shot to pieces in the defense of this Nation, to permit no authority to interfere with those who had been incapacitated in defense of the old Stars and Stripes, whose disability arose directly from their service. Here is what transpired on that day:

Mr. WALSH. Mr. President, this amendment I discussed this afternoon. Briefly stated, it obviates the possibility of removal from the compensation rolls of all veterans whose disabilities are actually traceable to direct service. It does give the President

discretion in regard to readjusting rates in particular cases, and also discretion in regard to fixing the time of war service, and the beginning and the end of the World War for the purpose of these rates.

After consultation with the Senator in charge of the bill and discussing the matter at length, he has accepted the amendment, and is of the opinion that the amendment has merit and that we should lift out of this bill any possibility of removal from the compensation rolls of any veteran whose disability is directly connected with service.

I ought to add—

Said the distinguished Senator from Massachusetts—

that this amendment still leaves to the discretion of the President the power and right to deal differently with that class of service-connected cases that have been established through presumptive laws adopted by Congress. It does assure—

He said—

the directly disabled veteran who incurred disease or injury in line of duty that his compensation shall be secure.

Upon that promise, upon that declaration, acquiesced in by the committee which presented the economy bill, on that promise, on that declaration of the Senator who presented the amendment, and who stands today, I think, in the same position in which I stand in reference to the pending amendment, we adopted the Walsh amendment. Then proceeded a colloquy that makes it even plainer just exactly what was the purpose of the Senate and just what was our purpose in adopting that amendment.

Mr. HARRISON. Mr. President, may I ask the Senator a question?

The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from Mississippi?

Mr. WALSH. I yield.

Mr. HARRISON. This was one of the propositions that were advanced by the Senator from Oklahoma in the Committee on Finance, that those who were injured in actual combat should not be excluded. Some of us did not believe that the President, after the passage of this law, would ever exclude that group of soldiers.

Mr. WALSH. I am of the same opinion.

Mr. HARRISON. So, personally, I shall be very glad to accept the amendment and get this controversial proposition out of the way.

Mr. BYRNES. Mr. President, will the Senator from Mississippi yield? The amendment does not confine its provisions, as I understand the Senator, to one injured in actual combat, but to service origin.

Mr. WALSH. That is true.

Mr. HARRISON. That is true.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Massachusetts [Mr. WALSH].

Mr. DICKINSON. Mr. President, I would like to know what the estimated saving is.

Mr. WALSH. Mr. President, there has been practically no estimate made of the saving in connection with this item. It has been assumed that the President would make no cut and no reduction of any appreciable amount in connection with the veteran whose compensation is based upon disability as the result of direct service. Therefore, what we are doing is merely to remove any possibility of discretionary action by the President. If he had it, he has practically said he would not disturb the rates, anyway. We are simply incorporating in the bill the provision that this group of veterans shall not be removed from the rolls.

Mr. DICKINSON. It is my understanding that there was a certain rating table made and a certain percentage of the reductions shown in that table was taken for disability allowances. What reason has the Senator for assuming that in making up the estimate of \$101,000,000 of saving there would not be some of the savings in the very item of \$100,000,000 that he says is being taken out from under the provisions of the bill?

Mr. WALSH. I have the assurance of representatives of the President that he never intended to disturb this group of veterans.

Thereupon the Walsh amendment was adopted. Upon that record I rest. I do not believe the President ever had any intention of disturbing the man whose leg had been shot off, the man whose arm had been shot away, the man who had been blinded in battle, or the man whose body was filled with shrapnel. I do not believe that he ever had any intention whatever of dealing with those men otherwise than as was stated at that time, justly and generously, and I am sure that whatever the fault has been, it has been in the bureaucracy, a bureaucracy that has endeavored to do what it deemed appropriate in the premises but which has done some things that reek with cruelty which never before have I seen exemplified in this Government of ours.

So it is that I speak concerning the amendments that do not touch the economy bill in its essence at all, but after all do something of mercy and of kindness and of generosity to those who may require it. Oh, yes; a statute is of so many words and so many sentences. A law consists of phrases and clauses that one may read coldly if he will, but back of every statute that deals with human beings there should be a human heart. The trouble with this situation is that the men who administer this law are back of it reading the words of the law and there is no heart in either the reading or their administration of the law.

Now, sir, I have on my desk, but I do not intend to bore the Senate or take its time in reading them, some letters out of some hundreds or thousands that have come to me upon this subject. In all my life I never want again to receive communications such as I have received in the last month and a half. I never want to read the appeals of misery and of want, of anticipation of hardship and horror, that I have read in letters of good people, people just as good as you and I, just as good as the Director of the Budget, people whose appealing words not only get under one's skin, but get into the heart. I never want to read in all my life again stories such as have been written to me during this period.

All I can say to the writers of those letters is that I was wrong when I voted for a bill that permitted such things. I voted for it with a definite understanding, it is true; but, as I said a moment ago, that is not in justification of what I did; it is only in mitigation. I take the responsibility that comes from my action upon a measure of this sort, and I make no excuse so far as that is concerned; but these tales that have come to me, just as they have come to other Senators in this Chamber, these appeals that will rock any man to his very core who has not lost every sense of sympathy and who has not forgotten that he is still a human being with a heart beating in his body like other human beings—these stories make it necessary, if we can, to do what can be done and what ought to be done in behalf of those who are suffering and those who are hurt and those who are injured. The amendments that have been presented by the Senator from New Mexico [Mr. CUTTING], and, I believe, by the Senator from Florida [Mr. TRAMMELL] as well, take out of the injuries that might be inflicted under the economy bill the particular class of those injured in combat and disabled in actual service. There may be a deduction, and the deduction, in my opinion, ought to be only the deduction that is made for civil employees, 15 percent at the outside; but whatever it may be, and I would not make any if I had my way—whatever it is, for the love of humanity and with the full sympathy that man should have for his brother because a wrong has been done to these men, as you know, from your letters, just as I have the proof here from my letters, let us undo if we can the wrong we have done and let us undo it without delay.

We have only 8 or 9 days more of this session. There are only 8 or 9 days more remaining, and we have to act now or we cannot act at all. In addition to that these people who have been treated thus harshly, on the 1st day of July 1933 are utterly and absolutely remediless. There is no way in which they can appeal thereafter; no way in which the wrong done them can be righted; no way in which we can pick them off the street after that time and pump blood into them and give them the breath of life again. After the 1st of July we simply want the people that need it to have the sum that was given them because they were injured in our defense and fought our battles, and we have got to correct that if we have the feeling we ought to have. The President cannot object to it, and will not, I am sure. He does not understand and he does not know, and he has to deal through those who are subordinate and those who represented him in the administration of the law.

I hold in my hand an excerpt from a very powerful Scripps-Howard paper of the city of San Francisco, describing some of the scenes that occurred when they began to make the new ratings in that city. I have taken these from

a paper which, like myself, is strongly administration and believes in the President of the United States. But these descriptions of what transpired in San Francisco are the descriptions of what transpired in other parts of our country. They beg relief. They are beyond anything of which we have ever read in our lives, and they must be, and will be, corrected, for if we do not correct them here, they will be corrected in some other fashion. Men, women, and children cannot be dealt with in the fashion that these people who are a part of the veterans of the World War and were injured and disabled in it have been treated for the last couple of months.

From this article I read as follows:

Somewhere between the White House and the man who sacrificed health and limb for his country the new deal has been perverted into a cruel and ruthless drive on the rights of veterans disabled in active service by gunshot, shell, and gas.

Eighty-four hundred veterans in central and northern California, disabled in active service, face total loss or drastic reduction in their compensation on top of the blanket 20-percent cut already decreed.

Four boards are at work at the Veterans' Bureau headquarters, 814 Mission Street, reviewing and rerating wounded veterans according to a ruthless cut-and-dried table that requires arbitrary reductions in practically 99 cases in 100.

Tidings that mean despair and pauperization for hundreds of wounded veterans began going into the San Francisco mails last week, to the number of 400. This week they are going out at the rate of 125 a day.

Off the record, Veterans' Bureau officials in San Francisco are appalled and sickened as they helplessly carry out orders that originated, not at the White House, but with some unnamed group at the Veterans' Administration in Washington that has carried the day for a policy as extreme in the direction of economy as earlier policies were extreme in liberality and extravagance.

Then follow descriptions of conditions, and I ask leave that I may insert in the Record these excerpts concerning the scenes in San Francisco.

The PRESIDING OFFICER (Mr. STEIWER in the chair). Without objection, it is so ordered.

The excerpts are as follows:

[From the San Francisco News, Thursday, May 11, 1933]

CRIPPLED VETS LEFT HELPLESS BY PAY SLASHES—NEW DEAL HAS BEEN PERVERTED INTO CRUEL DRIVE ON RIGHTS OF MEN INJURED IN FIGHTING OVERSEAS

By George West

Somewhere between the White House and the man who sacrificed health and limb for his country the new deal has been perverted into a cruel and ruthless drive on the rights of veterans disabled in active service by gunshot, shell, and gas.

Eighty-four hundred veterans in central and northern California, disabled in active service, face total loss or drastic reduction in their compensation on top of the blanket 20-percent cut already decreed.

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WRECK OF PLAN SEEN

Thoughtful officials see the whole economy program wrecked unless the facts can be brought speedily to President Roosevelt's attention before public indignation creates a reaction that will scrap even those economies that justice and common sense demand.

Consider the case of a man so ruined by a gunshot wound in the groin that not only his occupation and livelihood are gone but also his ability to function as a husband and father, reduced without reexamination or hearing from \$125 a month to \$60.

Consider the case of a gifted professional man in San Francisco, his lungs burned out by gas, so that life or death is a chance of the moment, just out of hospital again after 5 months on his back, arbitrarily reduced from a rating of 100 percent total and permanent disability to a rating of 50 percent and cut from \$100 to \$40 a month.

ADDITIONAL CUT

He not only loses \$60 in deserved compensation, but is automatically deprived of an additional monthly payment of \$57.50 on his \$10,000 soldier's insurance policy, paid for by himself, but allowed only to veterans with a rating of 100-percent disability.

At the Veterans' Bureau on Mission Street they can relate these individual cases of tragedy and injustice by the score.

Of the first 120 cases of service-connected disability reviewed by a local board, 65 were removed from the rolls entirely on the ground that the service connection was presumptive. And of the 55 who stayed on, not one escaped a reduction of from 40 to 65 percent. Not one had a hearing or reexamination.

A veteran totally and permanently disabled, by a gunshot wound in the head that produced epilepsy, is arbitrarily reduced without hearing or examination from \$100 to \$40 a month. Another, a manual laborer with one leg off and suffering from ulcerations in the stump, was cut from \$93 to \$40.

NOT THE NEW DEAL

This is not the new deal, say spokesmen for the veterans. It is contrary to the promises and assurances made by every spokesman for economy from the President down that elimination of unearned benefits would result in even better and more generous care for those disabled in active service.

Suffering among veterans caused by justified economies are serious enough, they point out, without extending it to those who are entitled to Government care.

For instance:

Six thousand veterans in central and northern California drawing monthly allowances for non-service-connected disabilities will be cut off the rolls entirely. Only 875 of this class will remain on the rolls. These are men permanently and totally disabled and they will be cut from \$40 to \$20 a month.

BEDS ARE CLOSED

Nine hundred beds in the bay district that have been filled with sick veterans have been closed to them. These are the contract facilities provided by Letterman General Hospital, 400 beds; the Marine Hospital in San Francisco, 50 beds; and the Mare Island Navy Hospital, 450 beds.

Veterans ill of non-service-connected diseases will get no aid whatever, unless they are totally and permanently disabled. These include about 500 out-patients in San Francisco, as well as those who have been hospitalized.

Veterans ill of wounds or service-connected disease must take their chances in the already crowded hospitals at Livermore, Palo Alto, San Fernando, or West Los Angeles. Insane patients at Palo Alto, whose mental condition is not the result of war service, must be transferred to State hospitals.

San Francisco's public-health facilities will be swamped, and a heavy additional load will be thrown on the city relief organization.

Even veterans disabled in active service must hereafter apply direct to the bureau hospitals and prove their cases with medical evidence. Physicians' statements are proving inadequate under the rigid new regulations and this means frustration and delay. A veteran with a bursted appendix can no longer get prompt aid through the bureau. He must take his chances.

SYMPATHY ONLY

For veterans deprived of allowances and medical care because their ills are not service-connected, there will be sympathy plus a demand for a more gradual and humane transition to their new status. But nothing more.

For men actually disabled in service who, with their families, are being pauperized and rendered helpless, there will be much more. A wave of anger is swelling and will break on the bureaucrats at Washington who have perverted the legitimate and necessary economy program of the kindly President.

There remains to be told the hardships inflicted on scores of older men who have been deprived of pensions won in the Spanish-American War. In many instances their health was wrecked by yellow fever or typhoid, but unlike World War veterans they were slow in demanding pensions and have no records to prove the service-connected character of their disability.

This and other facts about the veterans' situation will be told in another article.

ORDERS FROM UNITED STATES

Agent for the American Legion at the Veterans' Bureau, a sort of liaison man, is June W. Valiant, field secretary in this area for the Legion's rehabilitation committee. Mr. Valiant says that no criticism can be justly made against the officials and personnel of the local Veterans' Bureau, who are carrying out orders from Washington about which they have no choice and little or no discretion.

Each review board consists of 1 surgeon, 1 examiner, and 1 vocational expert. But their decisions are guided by a hard-and-fast book of tables and rules issued from Washington. These rules and tables have not been published and were not included in the President's order.

[From the San Francisco News, Friday, May 12, 1933]

RUTHLESS CUTS IN PAY OF VETS ARE PROTESTED—PROMISED REVISION OF CUT-AND-DRIED RULES TO SLASH COMPENSATION MAY PROTECT MEN INJURED IN WAR

By George P. West

Released by the News publication of the facts Thursday, a wave of indignation and protest swept San Francisco today against the drastic and ruthless cutting of compensation for veterans disabled in active service. Cheered by a White House statement promising a revision of the cut-and-dried rules requiring arbitrary reductions without examination or hearing, veterans hoped for an Executive

order that would cancel cuts already ordered and protect men whose disabilities are the direct result of war service.

"The Veterans' Administration has violated a promise made to us by the President and congressional spokesmen for economy", said John A. Sinclair, San Francisco lawyer and vice chairman of the national rehabilitation committee of the American Legion.

CUTS TERMED UNFAIR

"Men injured in active service have already taken a blanket cut of 20 percent, as against a 15-percent cut for civilian employees of the Federal Government. In all conscience, that is enough. To reduce them by another 40 or 50 percent, without hearing or reexamination is unfair on the face of it, and I do not believe that the President or the people will stand for it when they know the facts."

Those war-disabled veterans who have already received notification of their cuts, effective July 1, are stunned and incredulous. Many will not believe it until they get a reduced check or no check at all on August 1. As the rerating proceeds by four boards working at San Francisco headquarters of the Veterans' Bureau, the News' estimate of cuts for 99 percent of veterans disabled in active service is being confirmed, and the percentage is running even higher than that.

No discretion is left to local boards under the rigid rules sent out from Washington and which President Roosevelt now promises to modify.

Veterans' organizations continued to cite cases of men incapacitated from earning a livelihood by battle wounds who have been cut from a bare minimum subsistence to \$40, and even as low as \$8 a month.

PREFERS JOB TO PITTANCE

One veteran, suffering from a gunshot wound, arthritis, arteriosclerosis, and heart trouble, and reduced from \$50 to \$8 a month without hearing or examination, wrote that if he was that well he was entitled to earn a living, and ironically demanded a job in which his disabilities would not count against him.

"Give me that", he said, "and I shall proudly surrender my \$8, and with no thanks to the Veterans' Administration."

A San Franciscan with five children, a manual worker, with his left leg amputated high above the knee, has been cut from \$79 a month to \$60. Another, suffering from multiple gunshot wounds in the abdomen, thigh, and leg, with injury to the bladder and stiffened joints and an index finger amputated, was cut from \$90 a month to \$40. He is married and has two children. Wounded on the Marne front in July 1918, he was in a hospital in France until May 1919 and has never recovered.

A sergeant of marines, in the service for 15 years, had a foot shot off at Chateau Thierry. He has been supporting his family on \$102 a month received in compensation. He has now been cut to \$60. These are only a few among thousands of cases.

Dr. J. C. Geiger and Charles M. Wollenberg, city health officer and city relief director, respectively, announced special preparations to care for the hundreds of helpless veterans expected to be thrown on public charity and hospital rolls.

Even sponsors of Federal economy seemed aghast at the unexpected extremes to which their policy had been carried.

"It was never our intention that the rightful compensation of actually deserving veterans should be cut", local headquarters of the National Economy League said.

CITY FORCED TO AID

"We don't think a program of that kind has been authorized. We doubt whether the Veterans' Administration yet knows where it stands. We're waiting for the results of survey by our headquarters at Washington."

Dr. Geiger revealed that the local veterans' council, anticipating the situation, conferred with him and Chief Administrator Alfred J. Cleary last week. As a result \$120,000 of the \$300,000 contingent emergency fund in the city budget was tentatively set aside for care of disabled veterans expected to be diverted to city hospitals.

Meanwhile disabled veterans purchasing homes on the installment plan through the State Veterans' Welfare Board declared they faced ruin.

Statements of veterans' leaders and city officials, with executive interest in the situation, follow:

Charles M. Wollenberg, relief director: "Undoubtedly many disabled veterans, hitherto able to care for their families with their small pensions, will be added to the city relief rolls. I will conduct a special survey in June to determine the probable number. Because of the many families that have gone off relief in the last few months, I am sure we'll have adequate funds for the newcomers."

Dr. J. C. Geiger, health director: "This will add to the city hospital burden. Even disabled veterans—except emergency cases—will have to answer the social-service requirements demanded of all our patients. There can be no discrimination. I would point out that clearing of Government hospitals will leave many unoccupied beds, many unemployed physicians and nurses. Conditions may be chaotic for a while before we readjust ourselves."

RATINGS HELD UNJUST

A. L. McCormick, secretary, Disabled American Veterans of the World War: "Every day we see flesh-and-blood evidence of the injustice caused by the economy revisions in veterans' compensation. Many of the evils are traceable to the elimination of the so-called 'intermediate ratings.' Formerly veterans were paid on a flexible disability scale ranging anywhere from 1 to 100 percent. Now there are arbitrary ratings of 10, 25, 50, and 75 percent. Thus,

if a man rates 48 percent disability he gets not 50 percent rating, but 25 percent, or \$20 a month. Many men, desperate, are writing daily to Mrs. Roosevelt to intercede with the President. I don't think even the National Economy League expected such results. If this keeps up \$650,000,000 will be lopped off disability expenditures instead of the \$400,000,000 aimed at."

EXPECTS F. R. TO ACT

Ralph J. A. Stern, county commander, American Legion: "I believe firmly that President Roosevelt never intended his economy program should result in these terrible hardships, many of which verge on downright cruelty. And I also believe that as soon as he becomes conversant with the facts he will move to remedy the evils according to his humanitarian principles."

Richard A. Barry, national rehabilitation officer, Disabled American Veterans: "This program, first conceived as an attempt at reasonable economy, has run wild. Even its sponsors will be astounded by its far-reaching effects, especially among disabled veterans who are paying for small homes with little income other than their pensions."

DELAYS ARE FEARED

"It is a return to the old short-sighted centralization. The area boards of appeal, which formerly heard cases of veterans wishing to have their ratings revised, have been abolished. The sick veteran appealing his case will now have to communicate with Washington. From experience we know that this will occasion a delay of from 6 months to 2 years. About 25 percent of appeals formerly were confirmed. What is to become of these deserving veterans and their families while their cases drag through the overworked bureau at Washington?"

Mr. JOHNSON. I ask as well—and I shall not read it—that I may place in the Record the views of the San Diego County Board of Supervisors in relation to these veterans.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

SAN DIEGO, CALIF., May 11, 1933.

The Honorable HIRAM JOHNSON,
United States Senate, Washington, D.C.

DEAR SIR: The board of supervisors and the people of San Diego County do not believe that you are acquainted with our particular situation with reference to the veteran population in this part of the country, and the effect that the recently enacted legislation known as "Public, No. 2, Seventy-third Congress", is having on our community.

A request was made by the executive secretary of the San Diego County Welfare Commission to the regional manager of the Veterans' Administration in Los Angeles for statistical data that might be used as a basis in preparing our budget for the coming fiscal year, but was informed that the Administrator of Veterans' Affairs has forbidden the releasing of such data. Therefore we are forced to make an approximate estimate as to the increased burden this will throw on the local taxpayers and our resources.

This estimate is based on the report issued by the Administrator of Veterans' Affairs showing the number of beneficiaries under his jurisdiction residing in California, which totals some 113,000, and a further check shows that 60 percent of this veteran population resides in southern California, principally under the jurisdiction of the Los Angeles regional office, or an approximate total of some 68,000 veterans and their families. It is further shown that of this load San Diego County has 25 percent of the aforementioned figure, or approximately 17,000, and from the number of cases reported through our veterans' claims office as having received notification of the effect of the automatic review called for under this legislation, that one third are being removed from the Federal rolls entirely, the remaining two thirds being reduced in the amount of pension by more than 60 percent. Also please bear in mind that this group was considered under the preexisting laws to have received their injury or disability in line of duty, or directly service connected. If such is the action on this type of case, it is quite easy to see what will happen to remaining classifications as set up under this automatic review. Using this group as a basis, it is estimated that approximately 8,000 additional families will become public charges at an average monthly budget of \$20 per family, or a total of \$1,920,000 will be needed in addition to our already tremendous relief budget.

As a further comparison we call your attention to the fact that San Diego County carries 25 percent of the veteran population for southern California, while Los Angeles County, which is approximately 10 times its size, carries but 50 percent of the veteran population, with the other 25 percent being distributed over nine other counties coming under the jurisdiction of the Los Angeles regional office.

This additional \$1,920,000 does not include provisions which must be made for increased cost of operating our county medical institutions, due primarily to the loss of use of the class A United States naval hospital situated in San Diego, with its up-to-date equipment and adequate room to care for veteran patients. Since Federal orders were issued to no longer use this facility, our county hospital load has increased an average of 10 percent daily.

While it is realized that strict economy must be effected throughout all Government departments and agencies, we feel that such drastic and sudden change without warning is throwing an undue burden and hardship on the local communities and taxpayers as well as the veterans, and unless immediate liberali-

zation and amendments are enacted it will be necessary for San Diego County to make further and increased demands upon the Federal Government for assistance to carry us through this period of readjustment.

Feeling assured that you realize the gravity of the situation, we urge your immediate attention to this problem which confronts us, and ask that you do everything in your power to remove this burden, which we honestly feel to be a Federal obligation.

Yours very sincerely,

SAN DIEGO COUNTY BOARD OF SUPERVISORS,
By TOM HURLEY, Chairman.

Mr. JOHNSON. I present communications from two Legion posts presided over by men whom I happen to know, men whose word I can accept, and accept wholly. Here is one from the little city of Chico, in northern California:

THE AMERICAN LEGION,
CHICO POST, No. 17, Inc.,
Chico, Calif., May 27, 1933.

Senator HIRAM JOHNSON,

United States Senate, Washington, D.C.

Hon. HIRAM JOHNSON: Something must be done to stop the drastic cuts in compensation for service-connected disabilities. We believe in economy but not this kind of economy. Surely the President had no intention of cutting veterans with service-connected disabilities beyond the meaning of the new schedule of ratings which is part of the act "to maintain the credit of the United States Government." And it is not the will of the general public that those veterans with disabilities due to war service should be affected.

Many, many veterans with service-connected disabilities come to my office daily complaining of drastic cuts received in compensation. The average cut here is approximately 65 percent.

To date I have had the pleasure of being instrumental in the settlement of more than 1,000 claims for veterans. In the name of these worthy veterans with service-connected disabilities, we beg of you, as our United States Senator, to give us your whole-hearted support. We heartily support the new deal. We only ask in return a fair deal.

Thanking you for your kindness, I remain,

Yours very sincerely,

JOSEPH FOLLETTIE, Service Officer.

Another one of like character comes from the commander of the American Legion in Glendale, which I ask may be inserted in the RECORD as a part of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

The letter is as follows:

GLENDALE POST, No. 127,
AMERICAN LEGION, LTD.,
Glendale, Calif., May 26, 1933.

Hon. HIRAM H. JOHNSON,

United States Senate, Washington, D.C.

DEAR SENATOR JOHNSON: I would like to call your attention to a very serious matter, a condition arising from the application of the Economy Act as it will apply to disabled veterans. In the first place, there is a far greater percentage of disabled veterans in this locality than the average throughout the United States. In Glendale it is estimated that approximately one third of all World War veterans come under this classification. This, of course, is due to the fact that so many disabled men, particularly those with pulmonary diseases, have come to this section for the sake of their health.

I will confine myself to a discussion of service-connected cases only, of which it is estimated there are approximately 750 in Glendale. The percentage of cut in the compensation of these service-connected cases, as shown by the result of the application of the law to the first 2,100 cases in the county, show an average cut in compensation of 66 percent.

These 750 cases formerly received about \$51,000 a month. Under the changed regulations they will receive one third of that. Needless to say these men did not receive any more than was necessary for them to support themselves and their families, and the proposed cut will throw a large majority of them directly on the community and county welfare agencies for support. Of course, undoubtedly some of these men received compensation who had other means of income, but those men in the final analysis comprise a comparatively small percentage of the total. Practically all the total and permanently disabled men relied solely upon their Government compensation. Under the new regulations and reratings, many of these men, formerly rated as service-connected, will now be entirely cut off, which means that the city and county will have to support them.

After the 1st of July, when this law takes effect, it will be our duty to our disabled men to submit these cases to the charitable institutions of the city of Glendale for that care which they are certainly entitled to if any citizen is. This means a direct shift of the burden to the local taxpayer, and there is no question in my mind but that when this occurs all over the country the public will realize that this certainly is a false economy measure.

Many of these men require special medical attention and specialized treatment, particularly for the pulmonary and psychoneurosis cases. The local work-providing agencies such as afforded by the Reconstruction Finance Corporation fund, require certain physical examinations before the work orders are issued. Of course, the

majority of these men cannot pass any such examination, therefore cannot receive this type of employment which brings them under the classification of purely relief cases. Bear in mind I am referring to service-connected cases only, and I think when those men have to subsist on public charity that it is time something were done.

We are not necessarily criticizing the action of President Roosevelt in the Economy Act as it relates to veterans, but do certainly criticize the application of the law as put into effect by the Director of the Veterans' Administration which is unduly harsh and far more severe than the Executive order ever indicated. We think that when the taxpayer public realizes that the directly service-connected disabled veterans are being treated in a most unjust and heartless way, and that this burden will fall directly on the local taxpayer, that perhaps a change in those regulations may be effected. We will furnish you details regarding the individual cases at a later date when they are available.

We would appreciate your attention to this matter. I think that the subject, if brought up and openly aired, will bring a change quicker than by any other manner.

Yours very truly,

D. G. COWLIN, Commander.

Mr. JOHNSON. Mr. President, the question is, What do we want to do? We have been told in the name of economy by certain understrappers in various departments that they will cut the men who have been shot to pieces in the war. I deny that it was ever the intention of Congress or that it is the intention of the President, or anybody else who has a heart in his body, to do any such thing.

You know, we have 8 days more only of a session such as this. Within that period, if the Congress does not act, it cannot act at all. You know that the 1st day of July is the last time that these men, bewildered by the wrong that is done them, have to appeal, and that their appeal is fruitless at best. So it is up to us.

We have made a blunder, perhaps, in dealing with certain classes of these veterans. I am appealing, for the moment now, for just one class—the class that everybody sympathizes with and everybody loves. I do not want to go back to my home and see the legless man, the man without sight in his eyes, compelled to become an object of charity upon my city or upon my friends. It is wrong, wrong, cruel, cruel, and we ought not to do it; and if the opportunity is presented in amendments here today we ought to pass them—pass them not alone in recognition of the services of the men who bore the wounds and stood in the front of battle, pass them not alone for the glory of the flag and the generosity that we all owe to those who thus suffered, but pass them so that we may hold our heads high and feel that our hearts are right, not made of stone, and that we are dealing with our fellow beings and our fellow creatures, the men who fought at the front for us, and that we are doing them now, finally, simply tardy justice.

Mr. MCADOO. Mr. President, I have refrained from saying much upon the floor of the Senate. I have the feeling that as a new Member I should like to say little and be instructed by what I hear upon this floor; and I have been instructed and informed by the discussions here, notwithstanding the fact that we have had to conduct them under great pressure—the insistent pressure of the needs of emergency legislation to deal with a grave crisis in the history of our country.

I cannot refrain, however, from expressing my hearty commendation of and my cordial agreement with my distinguished colleague from California [Mr. JOHNSON] in what he has just said about the pending amendments to the bill concerning the veterans, particularly those who have been disabled in the service of their country.

The administration of the economy bill, as my distinguished colleague has said, is perpetrating wrongs that are cruel and heartless in the extreme upon men who have suffered for their country, and I may say that if I had not myself had assurances that in the administration of that law the very kind of injustices that have already been decreed would not be decreed I would not have supported the measure.

The able senior Senator from California has referred to those who have service-connected disabilities, and who under the new regulations and the new ratings will suffer cruel and indefensible hardships; but there is still another class, not so large a class, the Spanish War veterans, who have been

treated by the new regulations and ratings with such disregard that grave injustices and cruelties will result. Unjustified reductions in the compensation which they are now receiving and which, in my humble opinion, they should continue to receive are in contemplation.

The Spanish War veterans, 35 years after that great conflict, have no means whatever by which they can establish service-connected disabilities. They went into that war at the munificent compensation of \$15 per month. They endured all the trials of "embalmed" beef and of diseases in the camps, which resulted in more deaths than were actually incurred upon the battlefield. The compensation which they received today will be cut, under the new regulations, by 66 2/3 percent or more, and the appeals which I have received are as numerous, perhaps, as those that my colleague from California has received. Men and women alike are threatened with the destruction of their only means of living. The cold fact faces them that employment cannot be had in any possible line, because they are all beyond the age limit. No one could be deaf to these appeals without being recreant to every instinct of humanity and to his trust as a Senator of the United States.

I feel strongly about this matter. Corrective legislation must be enacted immediately if we are to prevent the grave wrongs and injustices which will be inflicted upon these men and women on the 1st day of July next.

For my part, I am willing to stay here until corrective legislation is enacted; and I think it can be enacted in such a way that we may at least mitigate in large measure, if we do not correct altogether, the wrongs with which these people are threatened.

Mr. President, one of the reasons why I voted for the amendment presented by the distinguished Senator from Indiana [Mr. ROBINSON] to pay the soldiers' bonus by an issue of Treasury notes, was in some measure to correct the injustices which I thought might be perpetrated under the Economy Act. I felt that if the payment of the adjusted-service certificates was anticipated by 12 years through an issue of Treasury notes, which would not bear interest, and with a sinking-fund provision adequate to retire them within a reasonable time, so that undue inflation would not occur, we would, in part, compensate for the injury that might be done to the veterans under the Economy Act, and give them necessary assistance at a time when they would sorely need it. For my part, I believe that one of the best things we could do now would be to get this adjusted-compensation question behind us forever, so that it will not continue to be a political football.

I am not afraid to issue Treasury notes for this purpose. They would be just as sound as the bonds of the United States. The only difference between them and United States bonds or certificates of indebtedness is that the notes would have a circulating quality and bear no interest. By the provision of a sinking fund of not more than 3 percent per annum they could all be retired in 33 years. In that way we would get the question behind us.

I should like to see something of that sort done; but I suppose it is useless to argue in that behalf at this time. The fundamental thing is, however, as the senior Senator from California has said, that this is a question of humanity. We cannot deal with it in cold terms of concrete and steel and mortar. Here are human beings who are threatened with a great catastrophe—a catastrophe with which I am sure our great President of the United States is not in sympathy.

I earnestly hope that the Congress will remain in session until the necessary corrective measures have been enacted to save that great class of our fellow citizens who have jeopardized their lives in defense of their country from the irremediable injustices with which they are now threatened.

Mr. VANDENBERG and Mr. TRAMMELL addressed the Chair.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. TRAMMELL. Mr. President, will the Senator from Michigan yield to me?

Mr. VANDENBERG. I do not care to yield for a moment. I shall speak only briefly.

Mr. President, I desire to associate myself with the observations that have been submitted by the senior and the junior Senators from California, and I want to bulwark the thesis they have presented.

On yesterday, when the senior Senator from Massachusetts [Mr. WALSH], rightly or wrongly, identified the Director of the Bureau of the Budget as the primary author of these new rules and regulations and the chief source of this injustice, the able senior Senator from Arizona [Mr. ASHURST] with his usual fine sportsmanship and fidelity to a fellow Arizonian, undertook to say that the responsibility should not be placed at the door of the Director of the Bureau of the Budget, but that it should be accepted by Congress itself; that it should be accepted by every Senator who voted for the power that now is being used with such inhumane result that even the Economy League has protested a portion of it.

Mr. President, I think the senior Senator from Arizona, from one point of view, was entirely and completely justified in what he said. I mean that any time the Senate votes away its own powers and its own prerogatives and sublets its own responsibilities to somebody else to administer for it the Senate must take all the responsibility for anything that happens, no matter how malignant, as a result of its own surrender of its own powers. On that basis I agree with the Senator from Arizona that every Senator who voted for the economy bill must take his full share of any responsibility for any untoward results. It is a bitter warning against these easy trends which are too frequently permitting bureaucracy to supersede representative democracy.

From another point of view, however—and it is the point of view to which the Senators from California have alluded—I most emphatically dissent from the philosophy submitted by the Senator from Arizona, because I insist that our votes were procured upon that measure under false pretenses. I insist that my vote was procured under promises that have not been fulfilled—on the contrary, under promises that have been specifically violated and nullified. I still stand for the economy program, in the presence of dire fiscal exigency, as that program was understood by Congress and the country and as it was specifically interpreted by administration leaders on the floor. But I believe that the country, as well as Congress, will repudiate some of the cruel excesses which have been perpetrated upon veterans of admittedly deserving status under the bureaucracy which administers the presidential powers.

There were two classes of veterans for whom I had to see some reasonable protection before I would entertain the economy bill, even under the dire pressure of that early moment in this administration when it seemed to be absolutely imperative that we should sustain the hands of the President of the United States in the first economy appeal that he made to us in behalf of his Budget and the credit of the Republic. In spite of the pressure of that crisis, there were two classes of veterans who, it seemed to me, were entitled to a particular insurance before this legislation should take this far-flung power out of the hands of Congress and transfer it to the White House to rule or ruin the lives of four or five million ex-soldiers of the United States. One class was the Spanish-American War veteran who is 35 years removed from the scene of his conflict and the time of it, and who cannot possibly go back to the original scene to relate himself specifically and in technical detail to the particular injury or disease which may have been there rooted; and we were given to understand that when we adopted the Dill amendment, submitted by the senior Senator from Washington, we were putting a fundamental and legitimate protection under the status of those particular veterans.

Then came the service-connected disability cases of the World War. The able senior Senator from California [Mr. JOHNSON] has submitted the factual proof out of the CONGRESSIONAL RECORD that we were given the specific understanding—why, you can almost interpret it as having been a

warranty—that the service-connected disability allowances would not be seriously reduced, if they were touched at all. At any rate, we certainly were given the assurance—we were given the direct promise and pledge—that no veteran with a direct service-connected disability—no battle-front casualty—would be entirely eliminated from the rolls; and yet here are case after case upon my desk of direct service-connected-disability cases that are entirely removed from the rolls; and others that are ruthlessly cut to a point beyond sufferance.

I do not propose to supplement what has been said by way of specific exhibit and detail in this behalf. I gave the Senate one case yesterday—the case of a soldier with four admitted service-connected disabilities, admitted this moment by the Veterans' Bureau to be service-connected, who is desperately incapacitated, to whom this Government has paid \$90 a month for a long time by way of liquidation of the debt—who, under these new rules and regulations and brutal calculations that nullify every promise that was made to us, is now reduced to \$8 a month! I beg to believe that no citizen asks, expects, or condones any such tragic economy. It is a plague upon the word.

Here is case after case—and every Senator can produce a kindred file—of veterans with direct service-connected disabilities, with records that run straight down to the front line of battle, who are reduced 50 or 75 or 80 percent in their allowances, absolutely contrary—and this is the point I insist upon making—absolutely contrary to every assurance and guaranty that was presented to the Senate when our votes were sought to clothe the President with this power against the exercise of which we now complain.

We will take our share of the responsibility, Mr. President, as the senior Senator from Arizona proposes, but we will have a share of further responsibility to answer for which by no possible rhetorical trick can be shifted to anybody else's shoulders, whether those of the Director of the Bureau of the Budget, or those of the President, or anybody else, if we allow today's session to pass without affirmative, definitive legislative action which recaptures for ourselves at least one phase of the administration of justice to these veterans, as we were promised and as we intended justice should have been administered in the first place.

Mr. President, it is a poor contribution to economy to go to extremes in economy, just as, on the other hand, it was a poor contribution to the best welfare of the veterans in the heyday of things to go to extremes at that end of the equation by way of seeking extraordinary veterans' allowances. Extremes beget reciprocal extremes. The pendulum swings back. The worst service that could be rendered to permanent, sound, rational economy in behalf of the Treasury of the United States at this moment would be to allow contemporary indefensible outrages to stand without correction, because if we do not correct them we will find an outraged public opinion in this country which will sweep all the economy program off the statute books the next time the issue arises. I plead for a rule of reason, in the name of real and permanent economy, in the name of social and patriotic justice.

I want to associate myself also with the observation of the junior Senator from California respecting the present status of adjusted-service-compensation certificates. I was not one of those who believed in putting this country upon a basis of inflated paper money. I was not one of those, and I am not now, who believe inherently in returning to the greenback law of 1862, but I submit that if we are going back to the greenback basis to the extent of \$3,000,000,000 for the purpose of paying obligations of this Government, if we are committed to that course, then there is every logic in this world for choosing the adjusted-service-compensation certificates as the particular obligations to be retired, regardless of their maturity.

First, because there is a more direct advantage to the Public Treasury in retiring them, inasmuch as the 4 percent sinking fund provided in the greenback law is less per annum than the annual contribution to the bonus maturity fund.

Second, because the use of the greenbacks for that particular retirement of maturities will take every veteran off every welfare relief roll in the United States, and thus carry relief and assistance to all the harassed communities of this land where they are now struggling with the relief problem.

There are other cogent reasons. I will not take the time to enlarge upon them. But they persuade me that if the question of greenbacks to pay Government obligations is settled, there is largest advantage for all concerned in paying the bonus obligation first.

I associate myself with the proposition that if we are to retire Government obligations, \$3,000,000,000 worth of them, with greenbacks, it is of primary advantage to the Government itself, as a matter of simple mathematics, to retire adjusted-service-compensation certificates first.

The primary thing at this moment in this matter, however, is the other problem, related to the crimes which have been committed in the name of Presidential authority and in the name of rules and regulations under the United States Veterans' Administration supplemental to the legislation passed in the Congress.

I submit, in conclusion, as I began, Mr. President, that, so far as I am concerned, my vote upon the economy bill was procured under false pretenses if the rules and regulations are to stand as they now stand in respect to unquestionably deserving cases, and, so far as I am concerned, I want Congress to reclaim enough of its power in respect to this proposition this afternoon at least to legislate a modicum of justice in respect to these cases which every man, woman, and child under the flag wants handled with fair play.

Mr. TRAMMELL. Mr. President, I desire to send to the desk an amendment, and I give notice that I shall ask for a suspension of the rules that I may offer it.

The PRESIDING OFFICER (Mr. POPE in the chair). An amendment is pending.

Mr. TRAMMELL. I understood there was no amendment pending.

The PRESIDING OFFICER. There is an amendment pending, an amendment offered by the Senator from Alabama [Mr. BLACK].

Mr. GOLDSBOROUGH. Mr. President, I should like to ask the Senator from Michigan a question. It is my understanding that 68 or 70 American soldiers lost the sight of both eyes in the World War. Is it the Senator's understanding that the compensation of those men will be lessened, will be cut down?

Mr. VANDENBERG. I am unable to answer the Senator, because I would not undertake to prophesy what will happen under the administration of the rules and regulations as now administered. I have seen things just as horrible happen, and I would not undertake to assure the Senator that such a thing will not happen in the case even of the blind.

Mr. REED. Mr. President, will the Senator permit me to make an observation at that point?

Mr. GOLDSBOROUGH. I shall be glad to have the Senator do so.

Mr. REED. This morning, within an hour of this moment, I saw at this center door of the Senate a veteran from my State who had had one leg shot off in the Argonne and the other so badly hurt that he has permanently lost the use of it. He has been classified since his discharge from the Army as permanently totally disabled. There is no room for discretion in the Veterans' Administration; the buck cannot be passed to them, because the service connection is as plain as can be. It was an enemy shell that took his leg off. The degree of the injury is plain for anyone to see, so that what happened cannot be blamed on the discretion of the Veterans' Administration. Yet that man, under the regulations recently issued, has been reduced from \$100 a month to \$40 a month, and he has a letter in his pocket to prove it.

Mr. GOLDSBOROUGH. Mr. President, I may say, for the information of the Senate, that I have in my correspondence two letters from totally blind soldiers in my own State, in

which the information is given me that their compensation is reduced, and that they were among the few members of the United States Army who suffered the loss of the sight of both eyes in the World War.

Mr. TRAMMELL. Mr. President, I may say, in that connection, that I have two communications from war veterans who are totally blind, and the records show their service connection, but their compensation has been reduced from \$90 a month to \$20 a month.

Mr. GOLDSBOROUGH. I thank the Senator.

Mr. REED. Mr. President, this morning the Senator from California, with his usual eloquence, tried to fasten the blame for all this condition solely upon the Veterans' Administration. I think it is important to remember that in cases such as the one I mentioned a little while ago, or in cases such as those mentioned by the Senator from Florida, the Veterans' Administration used no discretion whatever. It was the regulations promulgated by President Roosevelt which forced those reductions. When we are looking for responsibility it is well to remember that the Veterans' Administration cannot be blamed for all that has been done under the Economy Act.

Mr. HASTINGS. Mr. President, on March 14 last, when this matter was before the Senate, I made what was for me a rather lengthy speech criticizing the legislation. I was pretty severely criticized by some Members of the Senate for voting in favor of it upon its final passage. In order that I may have the Senate understand my position and my prediction at the time, I desire to read briefly from a portion of that speech, appearing on pages 326 and 327 of the RECORD, where I stated:

With this criticism of this legislation, I appreciate that my vote in favor of it will not be particularly welcomed by those sponsoring it, and I want to say that I am supporting it solely because the administration is demanding it as an essential part of a successful program. I have endeavored to make clear that as I understand the position of the President, notwithstanding the fact that he has an overwhelming majority of his party in the House and an overwhelming majority of his party in the Senate, his hands are tied. He is absolutely powerless, if not hopeless, unless this dictatorial power shall be given to him, and given to him promptly. It is difficult for me to understand, if he be the leader that his partisans believe him to be and if his party in the House and in the Senate has the efficient leaders that we know it to have, why he should not be able to put through any such important legislation promptly and effectively, without depriving the Congress of its power and relieving them of any of their responsibilities. But it is not for me to undertake to find the reasons that motivate his request. My loyalty to my country demands that I take him at his word and trust that his judgment in administering this law will be equal to his sense of justice. If his judgment and his sense of justice both be accurate, my prediction is that the saving will not amount to more than 50 percent of that which he has estimated, and I am afraid that the time will not be far distant when I shall regret that I supported this bill at all; indeed, I am wondering as I am about to cast my vote whether I am influenced by patriotism or whether, after all, I am influenced by cowardice.

Mr. President, I heard yesterday the senior Senator from Arizona [Mr. ASHURST] state that no Member of the Congress ought to complain about the present situation because he acted within his own powers, he joined in giving these powers to the President, and, having given them to the President, he has no right to complain.

I respectfully submit that that is not an accurate statement of what many of us believe. It is true that I doubted whether or not the President might act with that justice which the Members of the Congress believed to be justice, but we did act with the assurance of the President that it was necessary, in order for him to balance the Budget, that he be given this specific authority, and we were assured at the time that if given this authority he would see that no injustice was done to any of the veterans of the World War.

While I cast my vote in favor of the bill, I did it with a great deal of doubt, realizing that it was the Congress itself which ought to decide what was justice and what was an injustice, and that we ought not to leave that to any Veterans' Administration, or to the President himself. But, being assured by the President that it was necessary for him to have this power in order to carry out his program, with the greatest reluctance I voted for the measure, saying at the same time that, in my judgment, if the President did

justice, he would not save more than 50 percent of that which he estimated he would be able to save.

I repeat now that if he does justice to the soldiers, he will be able to save not more than 50 percent of that which he estimated, through the committees which were approached upon the subject, and listening to the testimony given by the Director of the Budget. I say now that not more than 50 percent could he save and do justice to these soldiers. I do not know what ought to be done; I think, as many other Senators think, that we probably made a mistake in giving this authority to any single individual. We ought to have kept it within our own power; we ought to have held the authority where it was, and we ought to have had courage enough to have cut these appropriations where they ought to have been cut; but it is a good deal better to trust a majority of the Congress, that has the responsibility of raising the taxes to meet these various obligations as they become due, to do justice than it is to trust it to a single individual.

Mr. BORAH. Mr. President, I have listened to this discussion with much interest. It has been most instructive. It recalls incidents of my boyhood days down in southern Illinois. We used to have each year what was called a revival meeting. It was a season of deep and moving repentance. At such revival meetings there was a "mourners' bench." To that place people came regularly from all quarters and confessed their sins, their mistakes, and promised their God that they would do better in the future. My observation led me to note that the professions seem to carry them along for about 3 or 4 months and that then many were back at the same practices. I have little doubt that, notwithstanding the confessions this day, notwithstanding the deep contrition, it will not be long until we are back at our old practices of granting power to others when our clear duty is to assume responsibility ourselves.

Mr. LONG. Mr. President, I could not distinctly hear the Senator from Idaho. Did he say "professions" or "confessions"?

Mr. BORAH. I said "confessions."

Mr. President, there can be little doubt that great injustices have been done under the economy law, due to the rules and regulations which were established; but it seems to me that we must admit that we authorized those things to be done. We were told that there would be a saving under the proposed law of some \$400,000,000, and we must have known that there was no possible way to accomplish that except through the drastic methods which have been employed. They seem to me to have been entirely too severe. I know in some instances they have resulted in what has literally been cruelty. The only clear-cut remedy I can see for this situation is to modify or change the terms of the law. If we are not willing to recall this power, after we have observed the manner in which it operates, it will be a second confession upon our part that we are perfectly willing for someone else to assume the responsibility.

I myself am in favor, Mr. President, of radical changes in the Economy Act, and I doubt if we shall be able to accomplish anything in the way of real relief where it ought to be had unless we take hold of the law itself and remodel it and remedy it. I know that there are some proposals now pending or which will be pending in a short time with that end in view, and I trust, Mr. President, instead of leaving this power where it may be misused and abused, we shall assume the responsibility which is ours and which was reposed in us by those who sent us here. If there shall be abuses in the future, it will be because of the fact that we are unwilling to change the measure. The supreme question here is whether we are willing to retrace our steps and rewrite the measure and assume the responsibility which is ours. I see no other way, Mr. President, to correct the evil of which we complain; I myself am ready to make the change, and I trust that the measures which are to be proposed will be effectual to that end. We should assume our full responsibility, do our duty, and do it in full; cease granting powers we ought not to grant, and then complain because these powers are not exercised according to our

views. All this trouble arises out of our failure to meet our obligations as legislators.

Mr. ASHURST. Mr. President, the addresses delivered today in the Senate will compare favorably with those of any day's proceedings in the history of the Senate. I repeat what I said yesterday, as follows:

I assume my share of the blame, if any. I hide behind no President. I hide behind no Budget Director. I take the blame for any wrong that was done and shall employ my time in trying to correct the injustice, if any, rather than in finding someone to blame for my own acts.

The excuse of blaming someone else for our wrongs, if any, is so stale that it avails nothing.

Mr. President, I believe there is sufficient statesmanship in this Senate frankly to admit an error and then to try vigorously to correct the same. As a boy, I was amazed to learn that many of the men who were Members of Congress in 1873 when silver was demonetized, spent some years thereafter complaining that they "did not know what they were doing" when they voted to demonetize silver. Many men who were in Congress in 1873, when asked to explain their votes for demonetization, said to their constituents, "I did not know what I was doing." Others said, "John Sherman tricked me. I did not know that we were demonetizing silver." Still others said, "I did not know the effect of the bill."

Such excuses do not impress me.

Therefore, Mr. President, I agree with the speeches of the Senators from California [Mr. JOHNSON and Mr. McADOO] and I practically always agree with the speeches of the Senator from Idaho [Mr. BORAH]. I am gratified to perceive that Senators are willing to assume the blame for injustices on the economy bill. Senators, one by one, are beginning to see that the manly, frank, upstanding thing to do is to say that the Congress was to blame for the wrongs committed.

Mr. President, it may sometime occur to us that it is of doubtful wisdom to grant to others powers which the Constitution reposed in us. I recall in my early days of service here the Secretary of the Interior had the power, under Presidential order, to create reservations, and that vast tracts of public land were being withdrawn from the people into unnecessary preserves. Time after time Senators would say, "Yes; I voted to give the Secretary of the Interior the power to create reserves, but I never imagined that he would withdraw such vast tracts of land." Senators have read history upside down or have not read history at all who fail to perceive that whenever power is granted to another you may anticipate that such power may, at times, be employed differently from your views.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Idaho?

Mr. ASHURST. I yield.

Mr. BORAH. I hope the sound doctrine which the Senator is now announcing will be recalled by all Senators when they come to study and consider and pass upon the industrial control bill.

Mr. ASHURST. I have not studied that bill sufficiently to know just what I ought to do, but I will lay a wager that if I do vote for the bill and it then turns out to be unsatisfactory I shall not blame the President.

Mr. HASTINGS. Mr. President—

Mr. ASHURST. I yield to the Senator from Delaware.

Mr. HASTINGS. Does not the Senator think that the Members of the Senate were entitled to rely upon the assurances of the President that if we gave him this power he would deal justly with the soldiers? Is it not true that Senators at the time they gave the authority had a right to assume that after the authority was given the President would not do differently from that which he had promised the Senate to do?

Mr. ASHURST. I did not hear the Senator.

Mr. HASTINGS. The question I ask is whether or not the Members of the Senate were not entitled, partially at least, to rely upon the President's assurance that if we gave him this authority he would act justly with the soldiers?

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Idaho?

Mr. ASHURST. I yield.

Mr. BORAH. May I say that I have not any doubt that the President thinks he is acting justly? Has the Senator from Delaware such doubt?

Mr. HASTINGS. Yes; I have.

Mr. BORAH. I cannot conceive that the President, however mistaken he may be in judgment, is conscious of acting unjustly in this matter.

Mr. HASTINGS. I think that he must be conscious of it if he is as intelligent as I know him to be. He must be conscious, if these matters have been brought to his attention, that a great injustice has been done the soldiers.

Mr. BORAH. He is doing exactly what we knew he would do. We know perfectly well when we delegate these innumerable powers that the President of the United States cannot personally execute them. We know perfectly well that he is going to delegate them to others, and that is exactly what the President has done, and will continue to do; and if the Congress shall continue to grant powers, so multitudinous that no single individual in the world can encompass them and utilize them, we know that we are not going to have the judgment of the President, and cannot have. That is the reason why we ought not to grant them.

Mr. BYRNES. Mr. President, will the Senator from Arizona yield?

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from South Carolina?

Mr. ASHURST. I yield.

Mr. BYRNES. Mr. President, because of the statement made by several Members of the Senate as to the action of the President and the statement that the rates of compensation fixed would on July 1 go into effect, I assume that they did not know of the statement I made yesterday to the Senate, and I ask permission to repeat it.

Mr. ASHURST. I yield for that purpose.

Mr. BYRNES. The President of the United States, having had called to his attention by many ex-service men the effect of the regulations, has called the officials of the administration into conference, and has stated that the regulations, insofar as they provide the rates of compensation originally announced, will not be put into effect on July 1, but that certainly, on the contrary, as to men suffering disabilities of service origin, those rates of compensation are to be increased. A final determination as to the increase has not been reached so that it could be published today, but within the next few days it will be published, and the rates which have aroused the antagonism of Senators will never be put into effect insofar as the ex-service men suffering service-connected disabilities are concerned.

The President has appointed a committee, several members of which have been selected, which committee is to visit every hospital in the country and to investigate such charges as have been made today upon the floor of the Senate as to the treatment of men and as to the facilities available in the hospitals of the country. His instructions to the committee will be to report to him so that if any injustice is done to any man by any of those who are in charge of the hospitals of the Nation, that injustice will be remedied and the facilities of the hospitals will be made available and used.

Furthermore, by direction of the President, a review is now being made of all those cases wherein the Veterans' Administration has held that the cases came within the class of presumptively service-connected, in order that no injustice may be done to any man who was removed from the rolls because he was only service-connected by presumption.

In addition to that, in this appropriation bill there is carried sufficient money to pay for the increased compensation that will be paid as the result of the action of the President, and when the Congress meets in January next any deficiency that is necessary in order to pay the expenses of the Veterans' Administration for the balance of the fiscal

year can be provided. Until there has been a review of these presumptive cases, until there has been an investigation of the hospital facilities and of conditions prevailing in those hospitals, it would be idle and futile for us to seek to provide any amount of money in this bill.

If any man wants to say that he was deceived by any statements made on the floor of the Senate and if the Economy Act should be modified or repealed, it should be done by a proper legislative committee and it should not be attempted here as a rider to an appropriation bill. We cannot possibly give the proper consideration to amendments offered here upon the floor of the Senate for such a purpose. Whenever we have attempted any such thing the result has been disastrous. We cannot possibly do justice when an amendment is offered to provide that there shall be no cut exceeding 25 percent for service-origin cases, because under the rates tentatively agreed upon service-origin cases will be reduced not more than 18 or 20 percent on the average, which is less than the prevailing rate. That ought to afford ample opportunity for doing justice.

There has been a rearrangement of the basis of these cases. Under the old law if a man lost a leg, for instance, he was paid in accordance with his ability to earn an income prior to his entrance into the World War, and one man who had lost a leg would receive more for that injury than his neighbor would receive. Under the existing regulations an effort has been made to put all men on the same basis and treat them alike, just as the Federal Employees' Compensation Act does. There will be not more than an 18 to 20 percent cut, according to the information I have, in the service-origin cases upon the average.

I make this statement only because some Members of the Senate are under the impression evidently that the rates heretofore published by the Veterans' Administration are to go into effect on July 1.

May I say further, and I think it should be said, that reference has been made to men who are disabled by reason of wounds received in battle. If I understood the statement upon the floor of the Senate, such a man has been removed from the rolls. If so, it was directly in contradiction of regulations and of the law, and could occur only by the misconduct of some man in the Veterans' Administration. Such a case certainly ought to be reported and the Veterans' Administration given an opportunity to correct it. No one for a moment would agree that there was any excuse for such action.

Mr. TRAMMELL. Mr. President—

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Florida?

Mr. ASHURST. I yield.

Mr. TRAMMELL. I wish to ask the Senator from South Carolina if his understanding is that the order heretofore made reducing the amount paid in compensation in service-connected cases is going to be revoked?

Mr. BYRNES. That is exactly correct.

Mr. TRAMMELL. I have communications from probably 30 or 40 service-connected cases where as a rule the reduction has been from \$90 to \$20 a month.

Mr. BYRNES. May I say to the Senator that since the passage of the Economy Act there is a different basis in that the effort has been made, and the regulations provide, that all men be placed on an equality in the case, for instance, of the loss of a leg. Prior to that time there was a difference. We will find many cases where a man whose ability to earn money was greater than that of his neighbor received as a result of that fact a larger amount of money for the same loss. Some men would receive more as a result of the regulations and some less, but the compensation for injury to the ex-service man will be placed on an equality.

Mr. BONE. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Washington?

Mr. ASHURST. I yield.

Mr. BONE. I should like to ask the Senator from South Carolina with reference to the matter he has just mentioned. On page 43 of the bill there is a reference to the

expense for maintenance and operation, medical, hospital, and domiciliary services, Veterans' Administration, for which an appropriation of \$85,000,000 is provided. On page 48 is a general appropriation of \$231,730,000 for pensions, gratuities, and allowances now authorized under any act of Congress.

What objection could there be to an increase in the appropriations in line with what the Senator has stated, if the Government is going to undertake a greater measure of justice? The Senator has said it can be made up by deficiency appropriations. I do not want to leave here with this thing hanging fire and haunting us like Banquo's ghost. In my State are hundreds of veterans who suffered most grievous wounds, and I do not want to be compelled to say to them that we will have to rely first upon some generous impulse of somebody in some department and, secondly, upon some deficiency appropriation which I shall be compelled to vote for later. I want to be very, very certain that we now do justice.

Yesterday I adverted to ship subsidies, none of which we are touching, under which millions and millions of dollars are being paid for hauling a few pounds of mail. But it seems that those things are sacrosanct, and we are assured upon the most respectable authority that we do not dare touch them because they involve some sacred contract. But this contract, sacred or otherwise, privileged or otherwise, that we have made with these soldiers, it seems we do not hesitate to touch.

Mr. BYRNES. I agree with the Senator in his position with reference to the subsidies and have voted that way. As to the first question he asks, the only reason is that until there is a definite revision of the schedules it is impossible to estimate the amount of money that would be needed. It would not be wise for a committee to act before we have the certain knowledge that we will have to provide sufficient amounts of money to take care of all the disbursements that will be made. Whenever an estimate is sent up in regular form, estimating the amount necessary for us to appropriate, I know there will be no hesitation on the part of Congress to make the appropriation.

Mr. BONE. I do not want to prolong the discussion unduly or occupy the floor to the disadvantage of the Senator from Arizona, but I was very much interested yesterday in the statement of the Senator from Oregon [Mr. STEWART] who said that, in his judgment, the cut for Spanish War veterans would amount to 67 percent, for World War veterans 72 percent, for Civil War veterans 10 percent, and for peace-time injuries, and so on, 15 percent. If that is true, it becomes vitally important before we leave here that we make at least some honest effort to correct that condition.

I recognize the force of what the Senator from South Carolina has said, but on the other hand the Veterans' Administration is now making these drastic cuts. Certainly the charges made on the floor of the Senate cannot all be untrue and false, and I do not want to leave here while this is hanging over us.

Mr. BYRNES. The information furnished the committee is that these cuts were based upon regulations that were adopted to go into effect July 1. They were presented to the President and he has undertaken to revise them in the manner I have stated. He has stated, and with authority from him I can state, that they have been revised and those cuts will not go into effect.

Mr. BONE. I find myself in harmony with the position taken by both Senators from California, who have very largely expressed my own views.

Mr. BLACK. Mr. President—

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Alabama?

Mr. ASHURST. I yield.

Mr. BLACK. I desire to suggest to the Senator from South Carolina that my amendment has not yet been voted upon and I would not want the Senate to be left under the impression, and I am sure the Senator did not intend to have it so left, that it is necessary for us to wait until the hospitals have been visited in order to begin to use the facilities

of the hospitals. I received my information directly from the Veterans' Bureau that there are 15,000 beds not being used.

Mr. BYRNES. There are 9,000 in veterans' hospitals and 6,000 in Army and Navy hospitals. I am in favor of the Senator's amendment and should like to have that one amendment voted upon and see if we cannot make a little headway. There is no opposition to it.

Mr. ASHURST. Mr. President, I, for one, am willing and anxious to vote to remain in session as long as may be necessary to correct the evils and injustices of the Economy Act.

Mr. GEORGE. Mr. President, I want to ask a question of the Senator from South Carolina, but before doing so I want to invite attention to one fact, and that is that while the rerating of veterans is now going on, to become effective, of course, on the date fixed in the act, to wit, July 1, and not before, the veterans are actually being turned away from the hospitals—that is, those veterans who, under Executive order, are not entitled to enter.

There are other features of the Economy Act as expressed in the Executive order that are also presently effective. It is true that where compensation has been awarded or allowed, the veteran is now rerated and is merely notified that under the rerating he is entitled to a lesser amount or is taken off the roll, but that order does not become effective until July 1. That is not true in the case of veterans, however, who have been discharged from the hospital or who were refused admittance into the hospital; nor is it true with respect to other benefits which the veterans, it seems to me, are entitled to receive.

For instance, under the Executive order an award granted before the passage of the Economy Act but not paid is actually being withheld from the veteran and he cannot receive it. What I wanted to ask of the Senator from South Carolina, however, is whether the President proposes to amend his Executive order only with respect to the cuts made in the compensation paid in the direct service-connected disability cases, or does he also propose to amend it and is an investigation to be pursued for the purpose of ascertaining other injustices that may be made apparent in the administration of his Executive order?

Mr. BYRNES. Mr. President, my understanding is that the latter statement is correct; that as to Veterans' Regulation No. 1, with reference to the treatment of ex-service men in hospitals, which, according to the information I have, has caused the complaint of which the Senator has heard and all of us have heard, an investigation is to be made, and is to be made according to my information by a committee outside of the Veterans' Administration—certainly some members are to serve on that committee who are not within the Administration—to do what the Senator has in mind, ascertain whether or not these injustices have been done, and if so, to remedy them. In response to the rest of the Senator's questions, as to other benefits under the act, an investigation is to be made as to such compensation, not confined solely to those ex-service men suffering from disability.

Mr. GEORGE. May I ask if I correctly understood the Senator to say that the President would extend the period in which his Executive order should go into effect until further investigation could be made?

Mr. BYRNES. I do not know that. If that is true, I have not so understood. The only information I had from the President was as to the statement I have heretofore made as to the ex-service men suffering from disabilities of service origin, having been already determined tentatively, and that a further investigation will be made as to all other features of the act, and a committee appointed from without the Veterans' Administration to investigate the charges that have been made, referred to by the Senator, as to the hospital situation.

Mr. GEORGE. I thank the Senator, and desire to say that I agree that it is not wise to undertake to rewrite the veterans' act in a bill of this character. There may be some things and there are some things like hospitalization

benefits, or some specific matter with which Senators are entirely familiar, that may be corrected in the consideration of an appropriation bill, but we probably will get into difficulties if we undertake to write the entire legislation over. If, however, there is to be a further study of veterans' legislation by the President, I desire to take this occasion to suggest that not only is the cut too severe in the case of all veterans suffering from a direct service-connected disability or the dependents of such veterans, but it seems to me also that in that class of cases in which most of the widows of veterans of the World War find themselves—that is to say, where the veteran himself has established service connection for his disability by the presumptions that were allowed under the law prior to the passage of the Economy Act—the widows and dependents of such veterans should be permitted to continue to receive the pension or allowance or award that heretofore has been payable to such widows and such dependents.

In other words, the Economy Act and the Executive orders thereunder having taken away the benefits of all presumptions as written into the law prior to the passage of the Economy Act, the widow whose husband had established his right to compensation by virtue of the presumptions existing in the law now finds that she is deprived, or will be deprived after July 1, of all pension or of all award for herself and her children, if she have dependents. That certainly is a feature of the law that ought to be modified.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. GEORGE. I yield to the Senator.

Mr. WHEELER. There are cases, likewise, where if a veteran had been alive it might not have been necessary to depend upon the presumptions, where he could have furnished the actual proof.

Mr. GEORGE. Undoubtedly.

Mr. WHEELER. Now, when the veteran has passed away, the widow is absolutely unable to furnish the necessary proof and must depend upon the record that has already been made.

Mr. GEORGE. I was about to make the observation that at the time the veteran filed his claim for compensation it was suggested to him—indeed, the law invited him—to make out his case under existing law. He was content to establish his right to receive compensation under the law as then written, with all of the presumptions that we had seen fit to put into the law. Now, since he is dead, and since his compensation was awarded on the presumption of service connection, his widow finds herself stripped of the small pension that she was entitled to receive and is yet entitled to receive, under existing law, up until July 1. That certainly is a feature of the Executive order and the Economy Act that ought to be dealt with by the President in his amendments to his Executive order.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. GEORGE. I yield to the Senator from Maryland.

Mr. TYDINGS. I should like to say to the Senator from Georgia that having occasion to go to the White House this morning in connection with another matter, the question of veterans' legislation was brought up by the President. He told me, and authorized me to say, that he realized there were many injustices in the regulations as written; that he had been in contact with many of the outstanding men in the American Legion, and that he was proposing to select some of the outstanding men of the Legion to go about the country—probably in the vicinity in which they were located, perhaps on a wider scale—and to ascertain these injustices as rapidly as possible; and as rapidly as they came to his desk, where there were cases of injustice, he would immediately promulgate the necessary regulations to offset them.

He brought up particularly the Spanish-American War veterans, who in most cases have reached an age where compensation has more basis than perhaps for younger men. He expressed his solicitude and desire to deal with these men as fairly as it could be done. I feel myself, at least after having had that talk, that these regulations are in no wise final; that the President is aware of the fact that they

bristle with injustices; and that as rapidly as these injustices are called to his attention they will be corrected, insofar as they can be corrected by regulation.

Mr. CUTTING. Mr. President, may I ask the Senator from Maryland what in the meantime will happen to these veterans who have already been deprived of their compensation by previous regulations?

Mr. TYDINGS. Let me say to the Senator from New Mexico that I have not any doubt that there will be some injustices done no matter how diligent the President is; and may I say that if we were to stay here for 6 months and devote each and every hour to the rewriting of the veterans' provisions, even after we had spent 6 months on the matter, we would find that there would still be injustices.

The way I see the matter is that we should have made these corrections in Congress. I for one tried to have a bill of that character written in the last Congress, but Congress would not do it. There were certain injustices done to the Government, and in an attempt to get rid of those injustices we perhaps gave more authority than was wise. I am convinced, nevertheless, that as fast as injustices are brought to light, the President will correct them; and certainly I see nothing more that anybody can do in the circumstances which confront us at this time.

I should like to add that I believe, though I am speaking without any authority on this point, that where an injustice has been done a veteran, in correcting it the correction will be made retroactive, so that even though there would be a period of time elapsing before the injustice could be corrected, certainly the policy has been heretofore, and no doubt will be in the future, to make it retroactive in that respect.

Mr. CUTTING. That will do a great deal of good to the veteran when he is already dead.

Mr. LONG. Yes; that will help him some—to give him a tombstone!

Mr. TYDINGS. What would the Senator from New Mexico suggest as a better way to do it than the policy we now have?

Mr. CUTTING. By passing legislation this afternoon we can save hundreds of thousands of cases of hardship and injustice to veterans. We may not make the Economy Act into a perfect bill; I do not pretend that we can; but we can enormously improve it.

Mr. TYDINGS. What legislation, may I ask the Senator?

Mr. CUTTING. I have an amendment myself, which I propose, limiting the President to 25 percent reduction on direct combat-connected cases.

Mr. TYDINGS. I am not denying that there can be some amendments made here on the floor that may be sound and just; but after having been through at least two Congresses where an attempt was made to cut off those who were not rightly on the rolls, and having seen nothing come of it, I somewhat despair of any sound action being taken by Congress at this time.

Mr. CUTTING. Well, let us do the best we can this afternoon; and if there is something that we fail to do, let the President's committee attend to it later on.

Mr. CONNALLY. Mr. President, the utterances of Senators this afternoon make it entirely clear to everybody that the regulations which have been promulgated by the Veterans' Bureau are about to work very harsh and cruel injustices upon many thousands of veterans.

The Senator from Maryland [Mr. TYDINGS], in his statement, says that when individual injustices appear, and they are ascertained by this committee which is to be appointed, of course, the President will rectify them when they come to his desk. Well, Mr. President, we all know—and we knew when we passed the act—that it is a physical impossibility for the President of the United States to pass upon individual cases of injustice.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. CONNALLY. In just a moment. Why, the head of the Veterans' Bureau himself, General Hines, can not do that. He never has done it. He has had a board which

passes upon individual cases, and they reach him only by a process of appeal; and even when they get to him very, very few of them ever come under his personal supervision.

I now yield to the Senator from Maryland.

Mr. TYDINGS. Mr. President, I just wanted to make more explicit a statement upon which the Senator has assumed my position.

The President said that he was asking several men—one of the men he named was the former president of the American Legion, Mr. Owsley, from the Senator's own State—to go around to these various veterans' centers or hospitals, and there ascertain, in the application of the new regulations, where injustices would occur, and advise him, so that he could act immediately upon them. I did use the expression "individual cases"; but I used it in an illustrative sense rather than in the sense of the actual treating of one individual case.

Mr. CONNALLY. Mr. President, what the Senator from Maryland now says illustrates exactly what I was undertaking to say. The fault is not with individual cases, but the chief fault is in the regulations which, by their universality of application, cannot help but work injustices in thousands of cases.

I know that the President is a kind-hearted, generous man. I know that the distinguished board of legionnaires which may be appointed, according to the statements of the Senator from Maryland, is a good one. But the generality of the rule cannot be determined by one or two isolated cases. These regulations are fundamentally so drastic in their changes that they are going to operate upon thousands of deserving war-scarred and war-torn veterans, and we do not need to visit any hospital to find that out. We can read the regulations, and compare them with the law theretofore in effect, in the office of the Veterans' Administration, or in our own offices, and we can find out that they are too drastic and too harsh, and were never intended by the Congress when it passed the Economy Act.

Mr. President, I happen to be a member of the Committee on Finance of the Senate. When the economy bill came before the Finance Committee it was brought in hurriedly; it was acted upon under pressure, and I voted against reporting the bill at that time because it had not had and did not receive proper consideration in the Committee on Finance. We could not, within the time which the committee gave to the bill, anticipate, we could not even survey, the consequences which were apt to flow from a drastic and arbitrary promulgation of rules not by the President in person but by those of his subordinates who necessarily had to be entrusted with the details of drafting these regulations.

When the bill reached the floor of the Senate some 25 or 30 amendments were adopted, as Senators will recall. On the final passage of the measure I voted for it. I voted for it, as other Senators did, on the solemn assurance of those high in authority that it would be administered in a liberal and in a generous spirit.

If the President could physically pass upon all these cases, if he could pass upon all these regulations in detail, in the light of the experience of the Veterans' Administration, that would be one thing; but it is wholly another thing for some subordinate to undertake to cut the compensation not according to the necessities of the veterans, nor in accordance with justice, but to cut the compensation according to some arbitrary rule of apportioning a lump-sum amount of money which is proposed to be appropriated.

I understand, Mr. President, that in some cases these cuts were made—upon what basis I do not know—simply by allocating a lump sum of so many million dollars for a certain kind of disability, and then going down the list and figuring up the number of men eligible, and reducing their compensation according to the dollar standard, rather than apportioning the appropriation according to the necessity of the cases.

Mr. FESS. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. FESS. I think the Senator has put his finger directly on the point of error. I was one who voted for the economy bill, and I would vote against its repeal now. I want to have an opportunity to have it worked out. But evidently there was a mistake in estimating the amount of reduction, and then going ahead and reducing the compensation of veterans without taking into account whether it would affect injuriously and unfairly certain individuals or not. I think the error is in our effort to reduce, rather than to correct errors. I think that is the source of the difficulty. On the other hand, I think it can be adjusted. It will not be an easy problem, but I think it can be adjusted by leaving the power with the President to handle it. He can do it if he sees fit to, not under his regulations, but under the freedom we have given to him. I am inclined to leave the power where it is for the time being.

Mr. CONNALLY. Mr. President, I thank the Senator from Ohio for his suggestion that we are now discussing the real point of weakness in what has been done. But let me suggest to the Senator from Ohio further that, in the matter of reducing the compensation of civilian employees of the Government, we did not undertake it by any such standard as was applied to the veterans. We said they should be reduced not more than a certain percentage. In the case of the veterans, I believe it is sound for us to adopt a statute, or an amendment to the pending bill, providing that compensation for service-connected disabilities should not be reduced more than a certain percentage. It would still be up to the President and the Veterans' Administration to determine whether or not a veteran's disabilities were service connected. It would still be within the power of the Administration to say whether or not his classification was proper. But when it is once established that the disability is service connected, when it is once shown that the veteran's compensation, according to the old rates of pay, is a just and fair one, I believe we ought to adopt the same rule and say that in that kind of case the compensation should not be reduced more than a certain percentage.

Mr. LA FOLLETTE. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. LA FOLLETTE. In connection with the suggestion made by the Senator from Ohio, it is difficult for me to understand why Senators are now surprised to find that the regulations promulgated under the Economy Act are harsh, and are creating widespread injustice. We were told very frankly, when the bill was under consideration, that it was proposed that \$400,000,000 be taken out of the hides of the veterans under the Economy Act, and how any Senator could figure at that time that \$400,000,000 could be cut from the compensation and allowances and benefits paid to veterans and not produce injustices and widespread hardship I cannot understand.

Mr. CONNALLY. Mr. President, the Senator from Wisconsin in his remarks agrees with what I was trying to express a little while ago, when I said that the only proper standard for the Congress to follow is, first, to find out the worthy and deserving cases, and then fix the amount of money that we shall spend, not in a lump sum, but in accordance with what we regard each classification of the cases is entitled to, taking into consideration a proper reduction in the former amount allowed. It is cruel and unjust simply to say we are going to save so many hundred million dollars, or so many million dollars, with respect to any particular activity, without considering the merits of the claims of those whom we are undertaking to relieve.

Mr. FESS. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. FESS. The Senator from Wisconsin has said that we were told over and over that \$400,000,000 would be saved. I do not think that impressed anybody in the Senate when that sort of talk was being indulged in at the time the economy bill was under consideration, because none of us could see where that amount of money could be saved. I take it for granted that every Member of the Senate who voted for the economy bill voted to give authority to the

President to correct certain things which had crept into the legislation which we here were not able to correct. We confessed our inability to do it, and the argument yesterday and today demonstrates absolutely that there is no possibility of economizing on the floor of the Senate, for we are now ready to undo all that was done.

The Senator from Texas, the Senator from Ohio, and other Senators, who voted for the economy bill, voted with the purpose of correcting what ought to be corrected, and what obviously ought to be corrected without any particular regard to how much was going to be saved, but with the idea only that there would be certain savings. So far as the \$400,000,000 goes, the talk about that saving never got anywhere with anyone here who was intelligent.

Mr. CONNALLY. Mr. President, allow me to say to the Senator from Ohio that I do not think any Senator has said that he wants to entirely undo everything that was done through the enactment of the Economy Act. No Senator here now is proposing to do that. What Senators are suggesting is that, under that act, on the 1st day of July the regulations which have already been promulgated will become effective in all cases, and many individual cases which have already been cut off the rolls will have been separated entirely from the Government rolls.

Can the Congress sit here without paying some attention to that situation? Can we ignore entirely the realities? Every one knows that between now and the 1st of July the President cannot physically correct this situation. It is physically impossible for him to do it. But the Senate may lay down a rule of action; it may prescribe certain standards by which the President can be guided, which will aid the President and not put upon him the tremendous responsibility of all features of the legislation and the administration of it.

Mr. President, when the economy bill was before the Senate, on the 15th of March, the Senator from Texas, who now has the floor, offered an amendment, as appears on page 449 of the CONGRESSIONAL RECORD, substantially like that now offered by the Senator from New Mexico [Mr. CUTTING]. In the amendment which I proposed it was provided, let me say to the Senator from Ohio, that service-connected cases of the World War and Spanish-American War should not be cut more than 25 percent. It left the matter of the rating to the Veterans' Administration. It left the question of fact, the determination of whether or not the veterans' disabilities were service connected or not, to the Veterans' Administration, under the law, but it provided that service-connected cases, including those of Spanish-American War veterans, should not be cut more than 25 percent.

Just here let me suggest to the Senate that the cases of the Spanish-American War veterans, as was pointed out by the Senator from Maryland [Mr. TYDINGS] a moment ago, present a particularly appealing aspect of this situation. The average age of the Spanish-American War veteran is 59 years, I understand, and yet, under the terms of the economy law, more than half of them will be cut entirely off the roll, with no compensation whatever. There is a provision in the economy law that a Spanish-American War veteran 62 years of age could not be cut entirely off, and what happened? The Director of the Budget, or the Veterans' Administration, or somebody, provided that those soldiers, while they should not be cut off the roll, should receive only \$6 per month, though the statute required that they be allowed to stay on the roll, but that was all; they just left their names on the roll and cut off all compensation except \$6.

Under the present regulations the disabilities of Spanish-American War veterans are presumed to be service-connected, and yet that is a myth, it is a mere pretext, because most of them applied after the act of 1920, and in the questionnaire which they filled out they were asked when they were first taken sick, when their disability first arose.

In practically all cases, of course, they state a date subsequent to the ending of the Spanish-American War. Their ailments may have had their seeds back in the Spanish-

American War, but they did not develop until after the war. Under rules and regulations all the Veterans' Bureau has to do is to pull out the application for pension, and when it discloses on its face that the disability arose after the Spanish-American War, that overcomes the presumption, and off that veteran goes from the rolls. So the regulations as promulgated have resulted in a wholesale slaughter of veterans of the Spanish-American War.

I presume the Senator from Illinois [Mr. LEWIS] will bear witness to that fact. He is in touch, I know, with the situation.

Mr. RUSSELL. Mr. President, I am interested in the remarks of the Senator from Texas, and I should like to say that, as he doubtless knows, despite the presumption in favor of the Spanish-American War veterans, which was agreed to by the proponents of the Economy Act, they are now being called upon to furnish evidence to establish that their disabilities were of service origin.

Mr. CONNALLY. The Senator from Georgia is eminently correct. In many cases they are now required to submit proof to show the connection of their disabilities with their service in the Spanish-American War. Everybody knows of the inadequate hospital facilities and of the poor medical facilities during the Spanish-American War. No records were kept in many cases. At the morning sick call at regimental headquarters when probably 50 men responded, it was simply registered in a little book that they came there. Those records, in many cases, have been destroyed, and in most cases of Spanish-American War veterans it is absolutely impossible to prove service connection of disabilities because of the lapse of years, the inadequacy of the records, and the poor quality of the hospital services.

The other day I received a letter from an old veteran of the Spanish-American War who happened to be a member of the same regiment in which I served. He asked me to send him an affidavit, and if I did not remember when he was sick in the hospital at Miami. Of course, I know that many of those soldiers were sick, but I could not make the affidavit he referred to because I had no personal recollection of that particular man's illness.

Mr. LEWIS rose.

Mr. CONNALLY. I yield to the Senator from Illinois if he desires.

Mr. LEWIS. No; I will not interrupt the Senator.

Mr. CONNALLY. I shall be glad to yield.

Mr. LEWIS. I will not disturb the Senator now.

Mr. CONNALLY. The Senator from Illinois cannot disturb the Senator from Texas except to arouse very pleasant emotions.

Mr. LEWIS. I am gratified at that gracious expression on the part of the Senator from Texas, but I shall not disturb the Senator, whose speech, cogent and powerful, addresses itself to my approval.

Mr. CONNALLY. I am very grateful to the distinguished Senator from Illinois, than whom there is in the Senate no more eminent judge of diction and delivery, of both of which he is a master.

Mr. President, I am perfectly willing to trust the President of the United States, when he has information, when it is physically possible for him to review these individual cases I should be willing to trust his judgment and his action in any individual case before the Veterans' Bureau, but I believe, in view of the situation that has arisen, that Congress is justified in placing some limitation upon the power of those who are to administer the Economy Act.

For myself I expect to support the amendment of the Senator from New Mexico [Mr. CUTTING] which places a 25 percent limitation upon the reduction of compensation in service-connected cases.

Mr. COPELAND obtained the floor.

Mr. BYRNES. Mr. President, would the Senator from New York have any objection to disposing of the so-called "Black amendment", as to which there is no controversy, so that one of the other amendments to the bill may be offered?

Mr. COPELAND. I have no objection to that being done.

Mr. BYRNES. It would facilitate matters. The amendment of the Senator from Alabama has been pending for about 3 hours, and I ask for a vote on it.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Alabama [Mr. BLACK].

The amendment was agreed to.

Mr. TRAMMELL. May I propose my amendment now so that it may be pending? Will the Senator from New York yield for that purpose?

Mr. COPELAND. I yield.

Mr. TRAMMELL. I now offer the proposal for a suspension of the rule so that I may offer the amendment referred to.

The PRESIDING OFFICER. The clerk will state the notice and amendment of the Senator from Florida. The Senator from New York [Mr. COPELAND] in the meantime will retain the floor.

The legislative clerk read as follows:

Pursuant to the provisions of rule XL of the Standing Rules of the Senate, I hereby give notice in writing that I shall hereafter move to suspend paragraph 4 of rule XVI for the purpose of proposing to the bill (H.R. 5389), the independent offices appropriation bill, the following amendment, viz:

On page 61, between lines 6 and 7, add a new section, as follows:

"That title I of Public, No. 2, is hereby amended by adding thereto the following:

"Sec. 21. That regardless of any provisions embraced in title I, of an act to maintain the credit of the United States Government, being Public, No. 2, Seventy-third Congress, the compensation of those veterans who on March 20, 1933, were drawing compensation on account of service-connected disability shall not be reduced more than 10 percent. In any review of a veteran's case by the Veterans' Administration with a view to reducing the rating of or change the cause of his disability the burden of proof shall rest upon the Government."

Mr. COPELAND. Mr. President, in theory, at least, the purpose of debate in this body is to elucidate and clarify the problems presented. So far as I am concerned, I confess I grow more and more confused regarding the status of the payment to the veterans. Yesterday we heard a very well-organized, logical, and convincing address by the Senator from Oregon [Mr. STEIWER]. He stated repeatedly in his address and in reply to questions of Senators that the law is clear; that all our troubles come from the regulations which have been formulated to carry out the law.

It is our duty to find the truth. I think the Senator from Idaho [Mr. BORAH] intimated, if he did not say in so many words, that the trouble is with the law. He suggested facetiously that the "mourners' bench" is now very popular, and I confess that I am a candidate for a place on that bench.

Mr. LONG. Mr. President—

The PRESIDING OFFICER (Mr. POPE in the chair). Does the Senator from New York yield to the Senator from Louisiana?

Mr. COPELAND. I yield.

Mr. LONG. I am speaking for two Senators on this side who voted against the Economy Act when I say that the application of the Senator from New York is accepted for a seat on that bench.

Mr. COPELAND. I thank the Senator. I have had many regrets about the way I voted, and I want to know now, as soon as I can, whether or not we were misled into voting for that law. I never thought when I voted as I did, in accord with the party caucus, that such cruelty would be perpetrated as has followed the operation of the law—or, at least, the manner of its application.

I referred yesterday to a Spanish War veteran who came to my office day before yesterday. He had served for years in the National Guard of my State, and at the beginning of the Spanish-American War enlisted. He was almost immediately commissioned a major in the Army and served throughout the war and in skirmishes after the war. He was wounded. From the time of discharge from the Army that man suffered from the effects of the fever he con-

tracted during his service and from the wounds which he had received.

He is now an old man, past 70 years of age. He has a dilated heart and all the asthmatic symptoms that go with it. Actually, I was afraid he would die in my office. For professional reasons, as well as for humanitarian reasons, I did not want him to die there.

That man, who had received a pension of \$50 a month, received notice from the Veterans' Bureau last Saturday, less than 1 week ago, that his pension had been reduced to \$8. I saw the letter.

In his physically debilitated condition this gallant soldier, cited for bravery, was not prepared for such a shock. The emotional strain was too great for a weakened heart.

Mr. President, no one need tell me that I thought when I voted that such outrageous action as that could possibly be taken under the operation of the law. It is time that we found out the true facts. If the trouble is with the law, the law must be amended; if the trouble lies in the regulations, those regulations must be changed at once.

I have spoken about the Spanish-American War veteran. We tried to preserve, and by voting for various amendments offered thought we did preserve, the rights of those veterans. We did not dream of the cruelties which have since been perpetrated upon them.

We have to think also about the veterans of the World War. What is happening to them?

Let me say to Senators that when August rolls around there will not be a Member of the Congress who will have any doubt as to the wickedness of the course of action which we made possible by the enactment of this law—the cruel regulations that have resulted from the law.

Senators, we will need to give thought to the payment of the bonus. I voted against the bonus last year when the slender Treasury could not stand paying it. But now we do not hesitate to vote millions, hundreds of millions, and, indeed, billions of dollars to this, that, and the other thing. I cannot see that many of these appropriations have been such that there will be money placed in the hands of the people. Certainly there can be no relief of our economic distress until money shall be in circulation.

I am hoping that the public works bill which is pending may place several billion dollars in circulation. I know that the payment of the bonus, amounting to two and a quarter billion dollars, would put that much money into circulation, and might well be the means of stimulating business activity throughout the country so that the economic distress would be relieved.

Let it be borne in mind that in a dozen years from now we shall be obligated to pay that bonus. It is already the law. To anticipate its payment might save the country from disaster.

I think the Senator from Michigan [Mr. VANDENBERG] was right this morning when he intimated that we were trapped into voting on the bill as we did. No just person would willfully and voluntarily participate in an act which could possibly result in such cruelties as we daily observed. It is time we found out the exact cause of the situation against which so much complaint is made. As I have said, if the law is at fault, it must be changed; if the regulations are at fault, the matter must be brought to the attention of the President so forcefully that there shall be no doubt of such changes in the regulations as will humanize the law.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. COPELAND. I yield to the Senator from Michigan.

Mr. VANDENBERG. Mr. President, may I suggest to the Senator that one of the moving factors of this situation to me is the manner and the spirit in which the veterans have accepted this situation. We are not overwhelmed with tremendous political propaganda at all; we are not under pressure to repeal the Economy Act. In every instance, the appeals that are made to me are individual appeals, based upon the sheer justice of the situation; they are simple appeals for fair play. I think the spirit in which the veterans are asking for justice is particularly impressive.

Mr. COPELAND. The Senator is right about that. Every veteran with whom I have had contact has said, "I want to share with the Government, and I am willing to take a fair reduction." But when we learn of case after case of men who were wounded in the service, directly service connected, and find that they have been cut off the rolls or so radically reduced that they might as well be cut off the rolls, it is time for us to rise in our might and make the correction which is necessary. So far as I am concerned, I want to do all I can to correct the evils which confront us.

Mr. CLARK. Mr. President—

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Missouri?

Mr. COPELAND. I yield.

Mr. CLARK. Many examples have been brought to the attention of individual Senators as to the cruelty of the regulations. I simply want to add another one from the many which have come to my attention, the case of a man in my own outfit who had 6 bayonet wounds and 2 bullet wounds and was totally disabled to the extent of requiring an attendant. He had been receiving \$175 a month and this has been reduced to \$20. I do not think there is any justification or defense for that kind of a regulation.

Mr. COPELAND. The Senator is certainly right about that. Does the Senator think it was ever intended by the Congress that a thing like that should happen?

Mr. CLARK. Of course, so far as I am concerned, I did not vote to tie my own hands and vote the power into the hands of an administrative officer and give him discretion to make such regulations.

Mr. COPELAND. But the Senator does not believe that the law itself was ever intended to treat that veteran in that way, does he?

Mr. CLARK. I am perfectly frank to say to the Senator that I do not believe the Senate of the United States or the House of Representatives, if they had dreamed of the kind of regulations that would be promulgated, could have mustered a corporal's guard to vote for such a measure.

Mr. COPELAND. The Senator is 100 percent correct. The Congress never would have consented to the enactment of the law if there had been a realizing sense of such regulations as we are discussing.

In the debate last spring we all spoke about the kind-heartedness of the man in the White House. We continue to have that feeling now. These things of which we complain do not come to his personal attention. He does not know, because of the multitude of his duties, just what is being done. But we cannot afford to adjourn, and the Senator from Washington [Mr. BONE] is right when he says we cannot afford to adjourn, until we have made certain that these cruelties shall be wiped out of existence and that justice shall be done to the veterans to whom we owe protection and tender care. We must deal generously with the widows and orphans of those who served us when our need was great.

To do anything less is to bring us shame. We must not fail those who are truly entitled to our most serious consideration.

Mr. LEWIS. Mr. President, it will be recalled that in closing the debate upon that act which has been defined as the Economy Act, when reaching that phase as it touched the soldier and what appeared to be the inevitable reduction of compensation and allowance, I made bold to say to the Senate that I was clearly of the conviction that the President of the United States, in the situation in which the country had found itself and to which he was addressing himself, only sought at the hands of the soldier that he would lend the Government for a while that particular portion of his allowance which was now being taken from him to be temporarily supplied to the debts of the Nation. I said that so soon as appropriate and expedient, and when the conditions of the country justified a change by which the soldier could be restored to the normal state of the law from which we were temporarily removing him, such would be done by the President and by those who would have charge of the ad-

ministration of the measure. I said that were such assurance not given me, I would not give the measure my support on that feature.

Mr. President, there seems at times a disposition to assume that these soldiers who bring to the attention of the Nation the injustice which has been done them are intruding upon the privileges of the Government and are assuming to make complaint where they have no authority. My mind relates for the moment to recall the instance that after the battle of Platea, as reported by the Roman historian, the senate of Rome was in session. It was seeking to ascertain what could be done to meet demands for the soldier. There was much protest on the part of that eminence which we find all around us in government called the "business man" against paying soldiers. A man was seen approaching the gate of the session house.

The body was posted near the doorway when there were watchmen who approached him, asking why he was standing near the portal apparently in violation of some regulation. One of the officers wearing the insignia of a Roman guardsman approached this individual and said to him, "By what authority do you come here and who speaks for you?" The individual addressed was seen to turn and, presenting his right side, disclosed his arm off his body. Lifting what little quivering flesh that could be controlled in his moments of anguish, he—pointing to his armless sleeve—to the patrolman replied, "Will not this speak for me?"

I ask, Mr. President, may we not in this moment then summon those soldiers who are in such conditions of misfortune and whose maimed bodies, whose ceaseless miseries, draw the moan from their agonizing lips, and ask if these alone are not sufficient to speak for them?

Mr. President, let us ask what is the grievance to which these eminent Senators allude?

Mr. LONG. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Illinois yield to the Senator from Louisiana?

Mr. LEWIS. I yield.

Mr. LONG. I want to state to the Senator, in begging his pardon for the audible conversation that occurred here a moment ago, that the Senator from Kansas [Mr. McGILL] was trying to find a carpenter in the Senate so that we might enlarge the mourners' bench. The applicants have exceeded its present capacity. [Laughter.]

Mr. LEWIS. Mr. President, I am rather unfortunate that I am unable to quite gather the purpose of my eminent friend nor to what particular point of my address his interruption is addressed. But if it is to indicate to me that something has arisen by which there are those who seek some penance to do some offering in the form, first, of confession in the hope that they may reform, I would have the eminent Senator understand that there is no manner in which they could reform so completely as to find these errors, wherever they have occurred, addressing themselves to correcting them wherever they might, and courageously standing to that correction, that they may see justice administered. I know the eminent Senator from Idaho [Mr. BORAH] made an allusion, somewhat facetiously, calling attention to the earlier days of his life. He had detailed what we call the revival ceremonies in a church and had seen those depart from the mourners' bench and there give confession, but alas, as he said, and as no doubt my friend from Louisiana gathered and which is now puncturing the conscience of the eminent Senator from Louisiana, that was only for a little while, when it was seen the offender returned again to his offense and repeated it wherever he could, or was perfectly indifferent to his previous confession and reformation. I heard the able Senator from Louisiana inform the Senate a few days past upon a case that was appropriate, that there was in connection with the Christian ceremonies generally a line to be gathered from the ancient song which ran—

As long as the lamp holds out to burn
The vilest sinner may return.

I do not know to whom that might apply now, but I call my distinguished friend from Louisiana to behold the look-

ing glass in order to see what particular sinner is now meant. [Laughter.]

Mr. President, I trust I may now return to where I was diverted. I want to ask Senators, in a spirit more serious than the levity to which we have been incidentally reduced, what is the grievance the Senate is now expressing? What is the particular evil we have discovered? What is the thing we have noticed that requires a change? If there be those things acted on that produce some regret of conscience, what is that?

Are you seriously, Senators, confessing before the country a grievance and wrong which it is said you by inadvertence have committed or by any other person in the exercise of his legislative powers you gave them, and at the same time do you confess your unwillingness to correct it? Do you profess to the country that you are powerless to remedy it? Do you sit here hour after hour admitting a wrong to your fellow man through your actions, designating in detail where it has cut into his blood and robbed him of a portion of his life, leaving him hopeless through your own action, and do you confess your unwillingness or your inability to remedy it? Why sit you here at all? If there has been this wrong, as has been indicated, whether the wrong flows from the passage of the law or whether through the execution of the regulations becomes a purely administrative matter.

Time and time again since I have had the honor to sit here with my colleagues, either in this particular portion of the history of the Senate or in previous service during the Wilson administration when I was honored with a chair here, and in many cases I have seen Senators correct their own errors promptly by a resolution which is tendered to the floor and then, sir, to the Chair and a motion made to suspend the rules for the immediate consideration of the resolution that it might be passed and its effect promptly enjoyed. Where has that power been taken from you? Wherein does it not exist now? What has become of you and of the power in the United States Senate that you certify to the world at large, who hears your utterance, that a great wrong has been done your countrymen who were brave and gave their limbs and offered to give their lives for the salvation of their country, and that in the injuries they suffered, the bleeding of their wounds, you stand and behold, but confess you are palsied and paralyzed in its presence to remedy it, to give succor to the wounded and relief to the distressed soldier who sacrificed all for his country? This unhappy confession of your impotence will lose you the respect that heretofore has ever been vouchsafed to you as the great, powerful legislative body of the English-speaking realm.

Then, Senators, to the point:

Let there be at once framed such a proposition as will be appropriate, and tendered by the Senate now, which shall itself express what should be the regulation executing the law. If the law provides, sir, that it is to be executed through some form of regulation, keep ever in mind this body, the Senate, makes them. Are these regulations made by a body of gentlemen who are called a commission who have been appointed under your law? Then they take their life from you. They are enjoying power by your consent. They are acting under your directions. It is, after all, your service. It is altogether and wholly your deed.

This being true, let there be framed and shaped by the Senate such a measure as in itself is a regulation that defines the method of the execution of the law; and let it be passed as the action of Congress, and done at once. Otherwise a recommendation for change in regulation may meet such a busy life on the part of the officials who are to execute it, or be so obstructed by the encumbering matters that intrude themselves in the form of legislation, as never to be acted upon and never realized.

Therefore, if sincerity is the mark of your profession of interest, as you seek to relieve the distress, then, instead of by words, do it by deeds, and do it at once. Let the resolution from the appropriate committee be presented here. Let it recite specifically the wrongs. Let it then repair the

wrongs by reciting what should be and what is the meaning of the law, and pass it, and defy those who have enswollen themselves into greatness by little authority and who have dared to violate your directions.

Therefore, Mr. President, I rose merely as one of those who had helped construe the law in speech, pointing out at the time that it would be remedied wherein a hardship would arise; and if I may be pardoned by those who have been eminent soldiers who sit around me, with splendid records of service, let me say that as one of those who served with them in the wars that have existed during my lifetime, I rejoice that these Senators have come to the point of that independence of action, that courage of conduct, that nobility of service, that will now commend them to the respect of their countrymen and to the thanks of these poor, hapless individuals who look upon the United States Senate as their legislators, and to them look for their refuge and their rescue. We will rise to duty and perform it nobly.

I thank the Senate.

CORRECT THE INJUSTICE DONE TO THE DISABLED

Mr. LONG. Mr. President, the Senator from Illinois suggests that we take immediate legislative action to correct the injustice that has been done through the Economy Act.

It is beyond any question that many of the Senators here were misled. I was not one of those who were misled. I saw the consequences of this act at the time. There are only six Senators on this side of the Chamber who voted or were paired against it. There were 4 votes and 2 pairs against the bill; and it is very apparent to my mind that an overwhelming majority of those on this side of the Chamber wish to undo this injustice.

It is no particular source of pride to the few of us who stood against the bill that we have been vindicated in our judgment. That has happened so often in the past several months that we do not seek to make any claim about that. But, regardless of that point, Mr. President, the speeches that have been made here today, particularly from the distinguished whip on this side of the Chamber, express what I think is the unanimous thought, that this whole economy gesture was a big mistake. Out of the hides of the soldiers we cannot take \$400,000,000 from veterans' compensation alone without throwing them out of the hospitals, and without taking away the compensation they are getting, and without throwing on the charity of the world the wives and children of these wounded and dead veterans.

It was the most horrible thing that was done through this act. I believe the President is kind-hearted. I believed so then. Fortunately, however, he was able to find an executioner who was willing to go to the limit of the law, and to stretch every syllable of authority to the ridiculous point, such as giving those whose names could not be dropped from the rolls insignificant pittance of 4 and 6 dollars a month, and call that a pension to men who were from 59 to 65 years old, who had served in the Spanish-American War!

Mr. President, in the few words that I undertook to impose on the Senate when the economy bill was passed, I said:

I can see the disastrous consequences of the bill we are now about to pass.

I said that on the 13th day of March. We had had a caucus on this side of the Chamber, and it had been the decision of most of us to vote for the bill before we really had considered all its features. From that standpoint many of our friends on this side of the Chamber are to be to some extent understood—I do not say excused—in their position in having more or less received information upon which they relied before giving this bill the independent study that we usually give such bills. But now, Mr. President, it is up to us to remedy the injustices of this bill.

Now, I want to read what the Chairman of the Judiciary Committee of the Senate, the distinguished Senator from Arizona [Mr. ASHURST], said here yesterday. It is in line with what the Senator from Idaho [Mr. BORAH] said today, and it is in line with what the Senator from Wisconsin [Mr. LA FOLLETTE] and the Senator from New York [Mr. COPE-

LAND] said this morning. Here is what the senior Senator from Arizona said. I am reading from the CONGRESSIONAL RECORD of yesterday:

If we are subjected to odium and public criticism over the Economy Act, let us not be so cowardly as to blame the President. Let us not be so cowardly as to blame the Budget Director. We did it ourselves. Why be mice instead of men?

If the Economy Act is cruel, we did it. How shameful to see Senators, if they do so, hide behind their desks and hide behind a screen, if they do so, and say, "The Budget Director did it! The President did it!"

One Senator says, "I did not know what I was doing." "If I had known what was going to happen, I would not have done it", says another Senator.

Such alibis will not avail us if condemnation falls upon Senators. Do not blame the President. Do not blame the Budget Director. Let us stand up and take it on the chin. Let us assume responsibility for our own acts. Why not, as men, take whatever blame there is and make effort to repair whatever damage there is?

Mr. President, that is my sentiment on this bill. Why not admit that we made this mistake right here in the United States Senate, and be men enough, like the upstanding Senators from Arizona and Illinois, to say, "We will stay here and correct what injustice we have done by this bill, through this hurried action that necessity seemed to require; and we will not be talking about going home on June 10, or July 10, if we are going to throw out upon charity hundreds of thousands of penniless orphans and widows and wounded, disabled soldiers, and people who are suffering, who volunteered their lives for the defense of this country"? We will stay here, as the Senator from Arizona says and as the Senator from Illinois says, and be men instead of mice; and we will enlarge the mourners' bench with all the carpenter's skill required to take in several Members to correct this injustice that was done here on the 13th day of March.

That is the action for us to take. Let us follow the example set by the Senator from Arizona and the Senator from Illinois. Let us remedy this thing here, and quit talking about going home, and sending these poor people the fine speeches that have been made here today. They were almost tearful; they are very encouraging; but let us not send them the fine speeches that have been made here today. Let us send them some grub. Let us send them some medicine. Let us put them back in the hospitals. Let us put the clothes on their backs. Let us let the little widow, whose husband lost his life in the defense of his country, know that in this hour we are going to be men, as the Senator from Arizona says we should, and that we will not take our mistakes out of their hides, but that we will stay here and rectify this thing in the speediest way possible.

I am sure that is the duty of the Senate; and that is what we ought to do here, as the Senator from Illinois says.

Mr. DICKINSON. Mr. President, what I have to say is not going to be a plea in confession and avoidance. I was one of the 13 who voted against the economy bill. I have never regretted that vote. I think it was right; and we are now suffering under the results of the first delegation of power by Congress to someone else. We are going, in my judgment, to suffer the same kind of reaction every time we shirk our responsibility, and turn around and ask someone else to assume it in our stead.

The reason why this readjustment of veterans' compensation is not practical is because at present it is a 1-man job; and no one man can get the reaction from over this country and feel the pulse of the people as the Representatives from the 435 districts and the Senators from the 48 States of the Union receive that reaction and feel that pulse.

In other words, when I opposed this bill at the time it was passed, I suggested the following:

If the law is definite in its terms, there is nothing that the Bureau can do except make one decision; but the situation is different when an adjustment may be made according to some yardstick to be specified by rules and regulations promulgated by the President and imposed upon the Veterans' Bureau.

Under those circumstances when a Senator goes down to the Veterans' Bureau he will say, "This man is being wrongfully deprived of some of his compensation." What will then happen? When the Veterans' Bureau replies, "Well, the rules and regula-

tions promulgated by the President say so-and-so", that Senator will not lose more than the time necessary for him to get a taxicab and to go from the Veterans' Bureau to the White House in the effort to have those rules and regulations changed. So a thousand and one kinds of complications will grow out of this legislation if in its present form it is put through the Congress and becomes a law.

We are now suffering that very reaction. Why? Because in this law we say that a veterans' compensation can be placed anywhere between \$6 and \$275. Now, it is said that there was no suggestion that we might save \$400,000,000. Why, it was discussed on the floor of the Senate here time and time again. The estimate was made by the committee having the bill in charge that it would save \$450,000,000.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. DICKINSON. I yield.

Mr. CLARK. I should like to invite the Senator's attention to the fact that when I offered an amendment to scale down all veterans' compensation a flat 25 percent, it was represented by the committee that that was not a sufficient reduction; that that saved only about \$220,000,000, whereas it was the intention of the Veterans' Administration to save approximately \$400,000,000.

Mr. DICKINSON. I remember that. That is correct.

Mr. CLARK. I also call the Senator's attention to the fact that I was not even able to get a roll call on the amendment which I offered.

Mr. DICKINSON. I had a similar experience.

I desire to make a suggestion. I came in here with four amendments that were prepared by the Economy Committee that saved about \$200,000,000. I was not able to get a roll call on my amendments. They were all legislative corrections of abuses that everyone admitted had grown up, and the estimate there was not enough. The whole theory of the Senate was, "We want \$400,000,000 saved"; and in order to show that that is what was in the mind of the administration, I remind Senators that at the time the bill was here I said, "What is going to be the estimate for the independent offices appropriation bill when you come up here and ask us to make appropriations for the fiscal year ending July 1, 1934?" They said, "We do not know what it will be"; but they had made their estimates, and what were they? Their estimates were that they were going to run the Veterans' Bureau with \$506,000,000.

Let me read from the report of the Appropriations Committee of the House:

VETERANS' ADMINISTRATION

The bill that failed carried a total of \$966,836,634 for the Veterans' Administration, including \$20,850,000 for the Civil Service retirement and disability fund. For the same purposes the revised estimates and the accompanying bill provide \$506,838,000, which is a reduction of \$460,000,634.

That is what they were going to save. Why should we say here that there was no intention that there were to be these drastic cuts in the compensation of the soldiers? As a matter of fact, the only way we can save \$400,000,000 to \$460,000,000 out of an item of \$900,000,000 is by cutting everybody's compensation on an average 50 percent, and that is what the Senators are complaining about now; but it was in the minds of the Senate when they voted for the economy bill. It was what was in the minds of the administration when they sent that estimate to the Congress, and it is what was in their minds when they formulated the rules and regulations which have been prescribed whereby these various cuts are to be made.

On top of this the Senator from Indiana has had some suggestion to make with reference to hospitalization. The same report of the House committee says:

Administration, medical, hospital, and domiciliary services: The appropriation under this heading has been reduced from \$111,273,634 to \$77,273,000, a cut of \$34,000,634.

The Senator from Indiana can see why it is necessary, in anticipation of these cuts, that some of these men are going to be compelled to leave the hospitals. That is one of the things which I think is regrettable in this whole administration.

The combined total for pensions and compensation carried in the bill that failed is \$592,730,000, while, for the same purposes,

the revised estimates and the accompanying bill provide \$231,730,000. This is a cut of \$361,000,000, attributable entirely to the reduction in rate of compensation and pensions effected by the President's Executive order.

Who can say that the responsibility is not fixed here?

I want to suggest two things. In the first place, this was the plan of the administration. This delegation of power was not initiated by the Senate. It was suggested by President Roosevelt when he made his inaugural address here in front of the Capitol. He said at that time that unless Congress did so and so he would ask for a delegation of power to deal with some of these questions, and he never asked the Congress for a revision of the pension law, but came to Congress and said, "Delegate to me this power and let me do this job"; and this is the job he has done. I am convinced that if we should have a vote on the floor of the Senate now a majority here would vote for the repeal of the economy law if they could vote their own consciences.

Mr. ROBINSON of Indiana. Mr. President, will the Senator yield?

Mr. DICKINSON. I yield.

Mr. ROBINSON of Indiana. I invite the Senator's attention also to the fact that not only was it suggested by the President, but it was sent here with a false label, namely, "to maintain the credit of the United States." God save the mark, to balance the Budget! The Senator from Iowa knows, as, of course, we all know, that the credit of the United States was as sound then as it is now.

Mr. DICKINSON. It was sounder.

Mr. ROBINSON of Indiana. Even sounder; yes. Furthermore, that the Budget was not balanced by the Economy Act, that there never was a chance in the world of balancing the Budget by that act, even charging the \$450,000,000 to the veterans. The Budget is not balanced now; it will not be balanced next year or the year after; and the Senator from Iowa knows that perfectly well, and I think everybody else knows it. So why resort to deceit, to suggest to this body and to the country that the Economy Act, which a cowardly Congress passed, was "to maintain the credit of the United States"?

Mr. DICKINSON. It has been suggested—

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Iowa yield to me?

Mr. DICKINSON. I yield.

Mr. ROBINSON of Arkansas. A good deal of language has been employed, a good deal of denunciation has been resorted to, directed at the President, first, for asking the authority conferred in the Economy Act, and, second, for the manner of employing that authority.

Everyone here—everyone who has a reasonable measure of intelligence—knows that, with the revenues of the Government constantly shrinking, Congress was continuing to pile up additional expenditures and governmental costs, and that at the time the economy measure was presented to the Congress there was such a difference between the amount of the annual revenues received and the amount of the annual expenses of the Government as to seriously threaten the national credit. Everyone knows that Congress had failed to take steps for the reduction of governmental expenditures. Everyone knows that we were glad of an opportunity to have some plan devised by which Government costs would be reduced.

Before changes have gone into effect, Senators find peculiar gratification in condemning the President for a fearless discharge of his duty, for an attempt to perform the functions of his office consistently with the laws enacted by the Congress. The President is working now, doing his best sincerely and conscientiously, to give effect to the will of the Congress; and instead of wasting time in denouncing him, we who did not have the courage to perform the legislative functions necessary to bring the expenses of the Government within the revenues ought to stand by, give the President support, and assist him in working out the defects in the rules and regulations which have been adopted.

Mr. President, that was the spirit demonstrated by the Senator from Oregon [Mr. STEIWER] in his address yesterday,

but it is not the spirit displayed by some who have spoken today.

I thank the Senator from Iowa for yielding.

Mr. ROBINSON of Indiana. Mr. President, will the Senator yield?

Mr. DICKINSON. I want to make just one or two suggestions. With the senior Senator from Tennessee [Mr. McKellar], I was on the Economy Committee. We brought in proposed legislation covering the very question involved in the transfer of the power which I have been criticizing this afternoon. We got 3 votes on the other side of the aisle.

Mr. ROBINSON of Arkansas. How many did you get on your side of the aisle?

Mr. DICKINSON. We got 11, which is an average of 3 to 1, pretty nearly 4 to 1.

Mr. ROBINSON of Indiana. Mr. President, will the Senator yield to me again?

Mr. DICKINSON. I yield.

Mr. ROBINSON of Indiana. In connection with what has been said by the senior Senator from Arkansas that the Congress could not be trusted, that the Congress was constantly piling up obligations for the Government, permit me to say that the Congress never began to think of piling up obligations for the Government to anywhere near the extent to which the President of the United States has piled them up during the past 3 months he has been in office, and God knows how much he will pile up in another 3 years and 9 months.

Not only that, but as soon as the so-called "economy bill" was passed, which was falsely labeled a bill to maintain the credit of the United States, he sent another bill to the Congress insisting that we divert \$148,000,000 from the building program, which would take that much money from the building trades, where decent wages were paid, that we should divert it from that purpose and turn it over to able-bodied men for planting trees at a dollar a day; and the reforestation plan, so called, before the end of this calendar year, will have cost more than the entire amount that was squeezed out of the veterans who had worn the uniform in defense of the country. It will run to six or seven hundred million dollars, and everybody knows it, before this calendar year shall have ended.

Another measure was passed providing for the expenditure of \$500,000,000 for general relief. Furthermore, there were vast schemes for the appropriation of money and the selling of bonds involving billions of dollars. Of course, it was not a bill to maintain the credit of the United States. That was a false label, and it has been proven to be false.

Mr. LEWIS. Mr. President—

The PRESIDING OFFICER (Mr. BRATTON in the chair). Does the Senator from Iowa yield to the Senator from Illinois?

Mr. DICKINSON. I yield, but I hope the Senator does not intend to make a long talk, because I understand we are to go into executive session at 4 o'clock, and I desire to say one concluding thing.

Mr. LEWIS. I will occupy but a second, and I trust to be able to correct an error into which the eminent Senator from Iowa has fallen.

The position taken here that some great wrong was committed by the President, or by the Congress, in the passing of the bill known as the Economy Act, is not an issue, nor is it justified at this time. The issue, I may say to the eminent Senator from Iowa, is whether the regulations which are authorized under the law, which themselves have been shaped and framed by officials of the administration, are just, and wherein they are wrong and oppressive. To the extent to which they are such, here in the Senate they may be disclosed in their separate instances and, by a resolution of this body, corrected at once, or, biding the time for a little while, when the President may do so, but to take advantage of these instances where injustices have occurred in the administering of the regulations as an excuse for condemning the action of the President partakes of a partisanship a little beneath the eminent Senator from Iowa.

Mr. DICKINSON. Mr. President, let me suggest to the Senator from Illinois that the fault in this whole thing was in ever putting it in the power of one man to make these regulations, to do the things which Senators admit are being done and which are being confessed on the floor of the Senate here by the score by Senators, and are shown by the various records they are bringing here.

The delegation of the power I think is wrong. A little while ago we delegated to the President the right to devalue the gold dollar. What happened? Someone has discovered that there is a Constitution somewhere, and they are afraid to base any action on that law, and so they are coming now and asking for the enactment of a statute which will debase the gold dollar and take us off the gold standard. How much further are we going in the delegation of power? How much longer is it going to take us to learn the lesson that we ought to do the things which we were sent here to do legislatively, and that we ought not to transfer the power to anybody; that we ought to be able to assume that responsibility and carry it out? That is one reason why I am making these few remarks this afternoon.

Mr. LONG. Mr. President, will the Senator yield?

Mr. DICKINSON. I yield.

Mr. LONG. While the mistake as to the gold dollar mentioned by the Senator might be corrected through action in the courts, the mistakes made in regard to these four disabled soldiers were buried. They have no such recourse.

Mr. DICKINSON. Let me suggest this: That the mistakes made in the devaluation of the gold dollar might be corrected by the courts, but it might be in 10 months or 18 months after someone having a contract payable in gold had refused to make payment in gold on the theory that he did not have to pay in gold on account of the legislation passed by the Congress. It might correct the matter so far as the future is concerned, but it might deprive a party to such a contract of his remedy under his contract. We cannot correct the abuses which are now being inflicted on the veterans by reason of the fact that the soldier who has to bear the brunt of the abuse may pass to the Great Beyond, so that the remedy, when it comes, may be too late.

Mr. President, let me suggest just one more thing. When we vote to delegate a power, the act of the one to whom the power is delegated is our act if we voted for the bill. We may think we can escape the responsibility, but I believe that the voters in every State of the Union are going to fix that responsibility where it belongs, and that in the end they will say, "If you voted to delegate a power which you should have exercised, you are responsible for the results which come from that delegation of power."

EXTENSION OF GASOLINE TAX—CONFERENCE REPORT (S.DOC. NO. 66)

Mr. HARRISON. Mr. President, I desire to submit a conference report on House bill 5040, the bill providing for an electrical-energy tax and a gasoline tax. I ask that the report may be printed and lie on the table. I will seek to have it taken up tomorrow.

I may say, in the moment left before 4 o'clock, when we must go into executive session, that the Senate conferees were forced to recede and agree to the House provision that a 3-percent tax on commercial and domestic energy be placed on the producers, and the date for its effective enactment was fixed at September the first.

The PRESIDING OFFICER. The report will be printed and lie on the table.

The report is as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5040) to extend the gasoline tax for 1 year, to modify postage rates on mail matter, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 1 and 2, and agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"Sec. 6. (a) Effective September 1, 1933, section 616 of the Revenue Act of 1932 is amended to read as follows:

"SEC. 616. TAX ON ELECTRICAL ENERGY FOR DOMESTIC OR COMMERCIAL CONSUMPTION.

"(a) There is hereby imposed upon electrical energy sold for domestic or commercial consumption and not for resale a tax equivalent to 3 percent of the price for which so sold, to be paid by the vendor under such rules and regulations as the Commissioner, with the approval of the Secretary, shall prescribe. The sale of electrical energy to an owner or lessee of a building, who purchases such electrical energy for resale to the tenants therein, shall for the purposes of this section be considered as a sale for consumption and not for resale, but the resale to the tenant shall not be considered a sale for consumption.

"(b) The provisions of sections 619, 622, and 625 shall not be applicable with respect to the tax imposed by this section.

"(c) No tax shall be imposed under this section upon electrical energy sold to the United States or to any State or Territory, or political subdivision thereof, or the District of Columbia. The right to exemption under this subsection shall be evidenced in such manner as the Commissioner, with the approval of the Secretary, may by regulation prescribe."

"(b) Despite the provisions of this section the tax imposed under section 616 of the Revenue Act of 1932 before its amendment by this section on electrical energy furnished before September 1, 1933, shall be imposed, collected, and paid in the same manner and shall be subject to the same provisions of law (including penalties) as if this section had not been enacted."

And the Senate agree to the same.

PAT HARRISON,
WILLIAM H. KING,
WALTER F. GEORGE,
DAVID A. REED,

Managers on the part of the Senate.

R. L. DOUGHTON,
SAM. B. HILL,
ALLEN T. TREADWAY,
ISAAC BACHARACH,

Managers on the part of the House.

EXECUTIVE SESSION

The PRESIDING OFFICER (Mr. BRATTON in the chair). The hour of 4 o'clock having arrived, in accordance with the unanimous-consent agreement previously entered, the Senate will proceed to the consideration of executive business.

The Senate thereupon proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER laid before the Senate several messages from the President of the United States submitting nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

REPORTS OF COMMITTEES

The PRESIDING OFFICER. Reports of committees are in order.

Mr. VAN NUYS, from the Committee on the Judiciary, reported favorably the nomination of James R. Fleming, of Indiana, to be United States attorney for the northern district of Indiana.

He also, from the same committee, reported favorably the nomination of Val Nolan, of Indiana, to be United States attorney for the southern district of Indiana.

THE CALENDAR—THE ADJUTANT GENERAL

The PRESIDING OFFICER. If there be no further reports of committees, the calendar is in order. The clerk will state the first nomination on the calendar.

The legislative clerk read the nomination of James Fuller McKinley to be The Adjutant General.

Mr. LONG. Mr. President, I ask that that nomination go over and come up after action on the Helvering nomination.

Mr. REED. Mr. President, the nomination ought to be taken up in its order; it ought not to take very long.

The PRESIDING OFFICER. Is there objection? Without objection—

Mr. REED. Mr. President, I object to the nominations' going over. I ask that it take the regular course.

The PRESIDING OFFICER. The Chair misunderstood the Senator. The question is, Will the Senate advise and consent to the nomination of James Fuller McKinley to be The Adjutant General?

Mr. LONG. Mr. President, the Senator from Maryland [Mr. TYDINGS] wanted a yea-and-nay vote on this nomination. I do not see him here. I can think of no reason why we should not have a yea-and-nay vote. I was one of those opposing this nomination, but the Senator from Maryland was apparently leading in the matter. I should not like to see it voted on in his absence.

Mr. McNARY. Mr. President, when this nomination came before the Senate on yesterday or the day before, it went over at my suggestion. The Senator from Maryland then expressed a desire for a record vote, and I ask, therefore, for the yeas and nays.

The PRESIDING OFFICER. The Senator from Oregon demands the yeas and nays on the question of confirming the nomination of The Adjutant General. Is the demand seconded?

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. METCALF (when his name was called). I have a general pair with the senior Senator from Maryland [Mr. TYDINGS]. I understand if present he would vote "nay." If I were permitted to vote, I should vote "yea."

The roll call was concluded.

Mr. LEWIS. I wish to announce the absence of my colleague [Mr. DIETERICH] on official business. If present, he would vote "yea."

I am requested to state by the Senator from Kentucky [Mr. LOGAN] that he is paired with the Senator from Pennsylvania [Mr. DAVIS]. Not knowing how the Senator from Pennsylvania would vote, if present, the Senator from Kentucky would withhold his vote, but wished it to be stated that if permitted to vote he would vote "yea."

Mr. NYE. I desire to announce that the senior Senator from Wisconsin [Mr. LA FOLLETTE] is absent for the afternoon on official business.

Mr. AUSTIN. I have a general pair with the senior Senator from Virginia [Mr. GLASS], who is necessarily absent from the Senate. I understand that, if present, he would vote as I intend to vote. Therefore I feel at liberty to vote, and vote "yea."

Mr. FESS. I desire to announce the following general pairs:

The Senator from New Jersey [Mr. BARBOUR] with the Senator from South Carolina [Mr. SMITH];

The Senator from Vermont [Mr. DALE] with the Senator from California [Mr. McADOO]; and

The Senator from Rhode Island [Mr. HEBERT] with the Senator from Colorado [Mr. COSTIGAN].

I also wish to announce that the Senator from Minnesota [Mr. SHIPSTEAD] and the Senator from Rhode Island [Mr. HEBERT] are detained from the Senate on official business.

Mr. ROBINSON of Arkansas. I wish to announce that the following Senators are absent in attendance upon a meeting of the Committee on Banking and Currency:

The Senator from Florida [Mr. FLETCHER], the Senator from Virginia [Mr. GLASS], the senior Senator from Colo-

rado [Mr. COSTIGAN], the junior Senator from Colorado [Mr. ADAMS], the Senator from California [Mr. McADOO], and the Senator from North Carolina [Mr. REYNOLDS].

Mr. LEWIS. I desire to announce that the following Senators are necessarily detained from the Senate on official business:

The Senator from Arkansas [Mrs. CARAWAY], the Senator from Washington [Mr. DILL], the Senator from Kentucky [Mr. LOGAN], the Senator from Nevada [Mr. PITTMAN], the Senator from South Carolina [Mr. SMITH], and the Senator from Maryland [Mr. TYDINGS].

The result was announced—yeas 67, nays 5, as follows:

YEAS—67

Ashurst	Copeland	Kendrick	Robinson, Ind.
Austin	Cutting	Keyes	Russell
Bachman	Dickinson	Lewis	Schall
Bailey	Duffy	Loneragan	Sheppard
Bankhead	Erickson	McCarran	Steiwer
Barkley	Fess	McGill	Stephens
Black	Frazier	McKellar	Thomas, Okla.
Bone	George	McNary	Thomas, Utah
Bratton	Goldsborough	Murphy	Thompson
Bulkley	Gore	Neely	Townsend
Bulow	Hale	Norris	Vandenberg
Byrd	Harrison	Nye	Van Nuys
Byrnes	Hastings	Overton	Wagner
Capper	Hatfield	Patterson	Walcott
Carey	Hayden	Pope	Walsh
Connally	Johnson	Reed	White
Coolidge	Kean	Robinson, Ark.	

NAYS—5

Brown	King	Long	Trammell
Clark			

NOT VOTING—24

Adams	Dale	Hebert	Pittman
Barbour	Davis	La Follette	Reynolds
Borah	Dieterich	Logan	Shipstead
Caraway	Dill	McAdoo	Smith
Costigan	Fletcher	Metcalf	Tydings
Couzens	Glass	Norbeck	Wheeler

So the Senate advised and consented to the nomination of James Fuller McKinley to be The Adjutant General.

Mr. BULKLEY. Mr. President, I ask unanimous consent that the President may be notified of the confirmation of General McKinley's nomination, in order that there may be avoided any complication which might arise from the notification of the confirmation of the Assistant Adjutant General before the notification of the confirmation of the Adjutant General.

Mr. LONG. I object; let it take the regular course.

The PRESIDING OFFICER. Objection is made.

Mr. BULKLEY. Then I ask unanimous consent that the notification of the confirmation of General Conley be withheld until notification shall be sent to the President of the confirmation of the nomination of General McKinley.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. LONG. Mr. President, I believe I shall withdraw my objection to the President's being notified. I presume we might as well let it go ahead.

Mr. BULKLEY. Then, Mr. President, I renew my request for unanimous consent that the President be notified of the confirmation of the nomination of General McKinley.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Ohio?

Mr. McNARY. Mr. President, uniformly I have objected to such requests, but I think there is an emergency in this case, and for that reason I shall not make objection at this time, but I want it to be made clear why the exception is made.

Mr. LONG. I withdrew my objection as a courtesy to the Republican Party.

The PRESIDING OFFICER. Without objection, the President will be notified of the confirmation of the nomination.

DEPARTMENT OF THE TREASURY

The PRESIDING OFFICER. The clerk will state the next nomination on the calendar.

The legislative clerk read the nomination of Thomas Hewes, of Connecticut, to be Assistant Secretary of the Treasury.

Mr. HARRISON. Mr. President, I told the Senator from Michigan [Mr. COUZENS] that that nomination would be passed over for the present.

The PRESIDING OFFICER. Without objection, the nomination will be passed over.

COMMISSIONER OF INTERNAL REVENUE

The legislative clerk read the nomination of Guy T. Helvering, of Kansas, to be Commissioner of Internal Revenue.

Mr. HASTINGS. Mr. President, I presented to the Senate the views of the minority upon this nomination. My recollection is that there was a substantial vote in the committee against the confirmation of Mr. Helvering's nomination; but, in view of the fact that I had conducted most of the examination of the witnesses who were heard, I submitted the report for myself only, without submitting it to the other members of the committee who voted against the nominee.

Mr. President, the position of Commissioner of Internal Revenue is one of the most important positions in the Government. To my mind, it is almost as important, if not quite so important, as the positions occupied by several members of the President's Cabinet. Indeed, the opportunities offered to a person holding that particular office to grant favors are very much greater, in my judgment, than to any particular member of the President's Cabinet.

At the time this nomination was sent to the Senate I had never heard of Mr. Helvering. I did not know anything about the kind of man he was. So far as I knew, he was a suitable person for this particular office. My attention, however, was called to the fact by some person I did not know that in the office of the Treasury Department there would be found reports relative to Mr. Helvering which, if brought to the attention of the Senate, would warrant the Senate in refusing to confirm him. I was informed that a Mr. Irey, head of the Intelligence Division of the Bureau of Internal Revenue, was the man who would be likely to have those reports. I thereupon telephoned him and he told me that the reports had been sent to Mr. Gibbons, of the Treasury Department, and it would be necessary for me to call Mr. Gibbons in order that he might get the authority to turn the reports over to me. He stated, however, that he had recently gone over the reports and had written a synopsis of what was in them, and that he would be very glad to submit that to me. I told him I was anxious to get the original reports and I would, therefore, call Mr. Gibbons. I did call Mr. Gibbons and he promptly replied that he would have Mr. Irey bring the reports to me, and that was done.

Either that day or the day before, when the Finance Committee was considering some bill before it, the matter of the confirmation of Mr. Helvering was brought up by the chairman, and I told the committee that I was making this inquiry of the Treasury Department and requested that the matter go over until the next day so that I might have an opportunity to look at the reports. At my request, that procedure was followed, and the next day I took with me to the committee meeting those reports. I discussed generally with the committee some of the things occurring in the reports. I desire to call attention to a statement of the chairman, found on page 6 of the hearings, where he said:

As I understand it from Mr. Helvering, what happened in that case is that he knew nothing about the facts that the figures were padded. He was acting in good faith. Then a motion was made to reopen the case; the Government lost out. There, then, came again the same people who had employed him and who told him this motion had been made. They wanted him to represent them, but he found out they had padded it, and he told them he would have absolutely nothing to do with the case and withdrew from it.

After some discussion in the committee, Mr. Helvering was called before the committee. I desire to quote from what he said with respect to this case. It was commonly known as the "*Slim Jim Oil & Gas Co. case*". Mr. Helvering was asked with respect to it this question by me:

What was the controversy in that case as you remember it?

Mr. Helvering replied:

I do not recall what the controversy was about the tax.

Then again on page 27 he was asked—

Senator HASTINGS. What are the facts in that case?

Mr. HELVERING. We had a hearing on the basis of an audit made by this company.

Senator HASTINGS. The firm of Washington, Henry & Co.?

Mr. HELVERING. Yes, sir; that audit revealed a tax liability of \$450,000. We fought that through the department, through the advisory committee and it was fixed at a certain amount along about that figure. A year or so afterward they called me and wanted me to go back to fight that case over.

The CHAIRMAN. Who called you?

Mr. HELVERING. Washington, Henry & Co. They said there had been a reaudit down there. They came up, and, of course, I intended to continue to fight the case out for them, but they came up and admitted to me that the original audit which they had set up, and on which I had depended to make this settlement, had, with the cooperation of certain officers of the company, been padded, and I refused to have anything more to do with the case from that time on.

Mr. President, I desire to call attention to the fact, in order that the Senate may understand what the controversy was about, that Mr. Helvering was elected to Congress from the Fifth Congressional District of the State of Kansas in the year 1912 and was reelected in 1914 and 1916, making three terms that he served. He was defeated in 1918 and retired from office on the 4th of March 1919. According to his own testimony, he left here at that time and went to Kansas, where he organized and became the president of a bank. He had practiced law until he came to Congress, but had no intention as he left the Congress to engage in the practice of law in Kansas or in the city of Washington.

Some time in the fall of 1919 he was asked some question by some drygoods concern about a tax return and he became interested in it, because, as a member of the Ways and Means Committee of the House, he had helped prepare the laws. He advised the drygoods concern that they were entitled to make a consolidated return. He thereupon took that case for Henry, who was the auditor for that concern, and was successful in having the tax reduced. For that he charged a fee of \$1,250.

Shortly after that he was approached by one Harry Washington with respect to the Slim Jim Oil & Gas Co. case. May I say in that connection that the record shows that the firm of Washington, Henry & Co., with offices at Wichita, Kans., and Kansas City, were engaged in the business of auditing tax returns. The records show that in that business they had representatives going about that part of the country soliciting business and saying to the persons whose business they solicited that Mr. Helvering represented them in Washington, that he had influence with the department, and that if they desired to have their taxes speedily and effectively reduced it was quite important that they employ that firm, who in turn would employ Mr. Helvering to get the tax reduced.

There is no evidence anywhere in the record to show that at the time Mr. Helvering knew these representations were being made and he distinctly and positively denied that he knew they were being made. But in that business the very second case that he had was the Slim Jim Oil & Gas Co. case in which the tax had been fixed by the Government at \$1,211,000. The record shows, by the president of the company, Mr. Titus, that for more than 2 years a reputable firm of lawyers in Kansas had been working with the department in an effort to have that tax reduced, he believing at the time that the company owed no such tax as this. After spending some 2 years in that effort it was suggested to Mr. Titus, the president of the company, that if he wanted to get the job done it was advisable for him to get some person in Washington who knew the way about the departments and knew how to approach this subject with the Department. He said he had two names suggested to him, one Mr. Jouett Shouse, who was practicing in Washington, and the other, Mr. Guy T. Helvering. He does not remember who suggested Mr. Helvering's name, but he finally selected Mr. Helvering and put this matter in his hands. He made a contract with Mr. Helvering whereby he was to be paid the sum of \$25,000 for handling the case.

In due time Mr. Titus, the president of the company, Mr. Taylor, the treasurer, and Mr. Washington, the head of

the auditing concern, were requested by Mr. Helvering to come to Washington with reference to this matter, where it would be taken up with the Department. Mr. Titus said that Mr. Helvering talked to him, and took him and Mr. Taylor to see the Commissioner; that Mr. Helvering explained to the Commissioner that they had been trying for some 2 years to adjust the taxes and had not been able to make any adjustment; that the Commissioner replied to him that the taxes ought to be adjusted, that the Government needed the money, and that he would turn them over to a man who would have full authority to settle that particular tax; that either that day or shortly thereafter he and Mr. Taylor—he does not recollect whether Mr. Helvering went with him or not, as I recall the testimony, but at any rate the interested parties appeared before Mr. Darnell, with all the papers in his possession and in front of him at his desk. Mr. Darnell stated to all of them that he had been given full authority to settle the case and he was prepared to settle it.

They discussed it back and forth, and Mr. Titus, the president, said that he told him that, while they did not believe they owed any tax, the company had half a million dollars which they were willing to turn over to the Government in settlement of the case if it could be finally settled; that after some days' talking back and forth they reached the basis of an agreement, and Titus was requested to make an amended return upon that basis. He did make an amended return at the Washington Hotel, where Mr. Helvering was living at the time and where Washington was stopping at the time. It appears in the testimony that Titus was alone with the Department at the time he made the agreement; that he was requested to come there by Mr. Darnell and went there; that when he did go there and made the settlement with him, Darnell told him to make an amended return. He thereupon returned to the hotel where Washington was. He does not remember that Mr. Helvering was there, but he does remember distinctly that Washington was ill. Washington prepared the amended return in lead pencil, and he copied it, and he and Taylor signed it, and it was notarized by a clerk of the hotel on December 3, 1919. He took that return back to the Department, and the agreement had been reached; and, according to his own testimony and according to the testimony of Mr. Helvering, from the time the parties arrived here until they left was a period of about 10 days. While Mr. Titus had been more than 2 years endeavoring to settle this case, Mr. Helvering, by taking these parties to the Commissioner and having the thing referred to Mr. Darnell with full authority to act, had the whole matter disposed of within a period of 10 days, whereby the tax for the year 1917 had been fixed at \$451,000 and the tax for the year 1916 at \$8,000, making a total of \$459,000 instead of \$1,211,000.

That is the history of that case up to that point. There is not any positive evidence—I am not even certain that there can be found more than the mere suspicion of circumstantial evidence—that there was something wrong. It does seem a strange thing that competent lawyers in Kansas had spent more than 2 years in coming to Washington time and time again in an effort to adjust these taxes, and then the right man was found who could go to the Commissioner, who turned the matter over to a certain person, and settled the whole business within a period of 10 days; but that of itself, Mr. President, in my judgment, is not enough to warrant the Senate in refusing to confirm this appointment.

I desire, however, to call your attention to that which I read to you from page 27, in which Mr. Helvering, after having talked with the chairman, as I read to you from page 6 of the record, and after he had given to the chairman his excuse and his reason for not taking his case after readjustment and reaudit of the case had been started by the Government, explained the matter to the committee. I think, for the purpose of clarity, I ought to explain that some year and a half or two years afterward there were some stories printed about this case in the State of Kansas, and

thereupon the Government began a reaudit of this case; and Mr. Helvering, according to his own testimony, was requested to take the case again and to fight it through for this Slim Jim Oil & Gas Co.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. HASTINGS. I yield.

Mr. CLARK. As a matter of fact, as the record shows, this case was reopened at the instance of Mr. Curtis, at that time Senator Curtis, of Kansas, on an anonymous letter—at least, anonymous so far as the Department was concerned—which he sent to the Department, cutting off the name of his informant; and when the president of the Slim Jim Oil Co. came to Washington he was advised by a Republican Congressman from Kansas that if he wished to have the case settled the best way to do it was to employ the brother-in-law of the then Senator from Kansas. Is not that shown by the record?

Mr. HASTINGS. That is true.

Mr. President, in that connection Mr. Titus, the president of the company, states that when this reaudit was about to be made by the Government, he wrote Mr. Helvering a letter asking Mr. Helvering with respect to the matter of representing him in that new case. Mr. Helvering says that he replied to him that he did not care to represent him any further.

The point I desire to make is that when Mr. Helvering was explaining this situation to the chairman of the committee privately, and not in the presence of the committee, he gave exactly the same explanation that he gave the next day when he was called before the committee; and here is his explanation:

The CHAIRMAN. Who called you?

Mr. HELVERING. Washington, Henry & Co. They said there had been a reaudit down there. They came up, and of course I intended to continue to fight the case out for them, but they came up and admitted to me that the original audit which they had set up, and on which I had depended to make this settlement, had, with the cooperation of certain officers of the company, been padded, and I refused to have anything more to do with the case from that time on.

I submit, Mr. President, that at that point, both to the chairman of the committee and to the full committee, Mr. Helvering deliberately intended to leave the impression that the Government had been defrauded out of large sums of money because this firm of Washington, Henry & Co., together with the cooperation of certain officials of the corporation, had succeeded in padding the books and deceiving him, and that is the way the reduction of \$400,000 to \$459,000 was obtained.

On page 28 of the record, Mr. Helvering was asked this question: I had referred to some of the reports of the investigators of this case, and I asked him about it. This was the question:

Do you know anything about a dispute with some persons who claimed they had a right to examine the books of the Slim Jim Oil & Gas Co. and have an accounting? This statement says:

"A few months ago Judge F. C. Wilson, attorney at law, Wichita, as counsel for a client who had brought suit against the Slim Jim Oil Co. for an accounting, reached an oral agreement with James Titus for an audit of the company's books for the year 1917, by Clinton, Montgomery & Co., certified accountants."

Do you know anything about that?

Mr. HELVERING. No, sir; I never heard of it. There was a good deal of complication about that case, down among them there. The officers were trying to get away with everything, as I understand it.

The CHAIRMAN. This concern out there that was doing this auditing, you had confidence in them?

Mr. HELVERING. Oh, absolutely, at first, until this matter came up.

The CHAIRMAN. But when it was revealed they had padded it, you refused to have anything more to do with them?

Mr. HELVERING. I refused even to go to the Department to try to get them reinstated.

Senator HASTINGS. That was after they had admitted to you they had made false statements?

Mr. HELVERING. Yes. They both came to me and wanted me to go over to the Department and make a plea for them to be reinstated, or have the right to appear before the Department.

Subsequently to that a subcommittee was appointed; and when Mr. Helvering appeared before the committee he read a prepared statement in which he made the following explanation about the *Slim Jim Oil Co. case*: I read from the

record, pages 36 and 37. Here is his explanation on May 9, the other being on May 5. He had had time to think about the matter, and this was his prepared statement:

I want to say in connection with the settlement of the case of the *Slim Jim Oil Co.*, the complete record is in the file. That case was settled under what was known as section 210 of the revenue act of that year. I will say that after I presented the case the whole matter was conducted in the Bureau and adjustments made exactly under that section of the law which was in effect at that time.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. HASTINGS. I yield.

Mr. COUZENS. I think the Senate would be enlightened if the Senator would tell them at this time what section 210 is.

Mr. HASTINGS. I will give Mr. Helvering's explanation of it in just a moment, because I asked him that question.

The Senator from Kentucky [Mr. BARKLEY] asked Mr. Helvering:

Is that the case where the first claim for taxes was \$1,211,000, and which they finally settled for \$449,000?

Mr. HELVERING. Yes. If you will look in your files there—you told me you had the Slim Jim Oil Co. here—you will see the settlement of that case.

Senator BYRD. What was your compensation?

Mr. HELVERING. My compensation in that case was \$25,000, \$14,500 to me after I paid all my expenses. My income-tax return for that year shows \$14,500. The whole complete file is in the case. The people in charge of the Department made all the orders and settled it under that particular provision of the law which was in existence at that time, which provided that arbitrary amounts, percentages, could be fixed for unusual profits in that year as the result of sales. That was the regular practice.

Then I asked Mr. Helvering a few questions with respect to the matter. On page 43 of the record I asked him this question:

I understood you to say the other day when you were testifying that that case was based upon false statements made by Washington and some of the officials of the company.

Mr. HELVERING. No. Well, I may have said that, but what happened, as developed in the rehearing of that case, is that Mr. Washington and the auditor for the Department, in order to reach this sum which the committee had said in that case should be the tax, had changed back into 1916 part of the income and 1917 part of the income, in order to make the total tax what that figure should be under the provisions of the committee.

Again, on page 47:

When did you first learn that there was about to be a reinvestment of this *Slim Jim Oil Co. case*, or when did he—

Referring to Washington—

approach you asking you to take the case?

Mr. HELVERING. As I recall, it was in 1921, or along about that time. They didn't ask me—what they said was that there was to be a rehearing of that case. I fully intended to have a rehearing until I found out that Washington and Titus had indulged in a juggling of this income.

Senator HASTINGS. What do you mean by juggling this income?

Mr. HELVERING. Well, just what I said awhile ago, that over in the Department, instead of settling it under the order of Mr. Darnell, the head of that section, under section 210 of the law, they went further, and with the men in the Department put some of this income back in 1916 and some in 1917, so as to cut this tax down.

Senator HASTINGS. Wasn't that perfectly open and aboveboard, and didn't everybody know that was what was being done?

Mr. HELVERING. I didn't know it.

Senator HASTINGS. Wasn't it known in the Department?

Mr. HELVERING. I don't know whether it was known or not. You have in the records of the Department the order of Mr. Darnell, the head of that section—I read it just the other day—ordering the case settled under section 210, and after that order was received, I appeared no more in that case.

Mr. President, Mr. Helvering had an opportunity to examine that record thoroughly, and I examined it thoroughly to find out where that order of Mr. Darnell's was which he says was in the record. I could not find it; but I did find in the record this very significant affidavit made by Darnell when this matter was being reheard:

STATE OF GEORGIA,
County of Fulton:

James L. Darnell, being duly sworn, deposes and says that in the year 1919 he was head of the Natural Resources Subdivision of the Income Tax Unit of the Bureau of Internal Revenue. That as head of such subdivision in the latter part of the year of 1919 there came before him in the regular order of business for settlement the tax case of the Slim Jim Oil & Gas Co. of Wichita, Kans.

That he personally examined the records in the case, and called before him Mr. James C. Titus, president of said oil company, Mr. Charles H. Taylor, one of the directors thereof, and examined them fully in regard to the sale of the properties of said company.

That with all the facts before him as shown by the records, and as stated by Messrs. Titus and Taylor, and after full consideration in the matter, both on the facts and the law, in his official capacity he determined that the sale of the lease owned by the Slim Jim Oil & Gas Co. was made in 1916, and that the sale of the crude oil and storage, and the steel tanks in which said oil was stored, both owned by said oil and gas company, was made in 1917, and that under his direction the case was audited and the income and excess-profits taxes assessed in accordance with his findings.

He believed at that time, and he believes now, that the facts and the law and regulations in relation to the case were fully and fairly considered, and that the action taken was the correct one to be taken in the premises.

This affidavit is dated July 24, 1924.

In other words, instead of finding what Mr. Helvering says was in the record—namely, that Darnell ordered this matter to be settled under section 210—there was no such order made; and Darnell says that was not the proper way to settle this case, but that the way it was settled was the proper way to settle it. When I had the letter of the Department dated December 9, 1919, showing how they arrived at this amount for the year, \$451,000, and presented it to Mr. Helvering, and asked him the question whether that settlement was under section 210, he admitted that it was not; but, notwithstanding that fact, he insisted that although he had received his fee of \$25,000 in this case, he never saw the final settlement of that particular case.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. HASTINGS. I yield.

Mr. CLARK. I should like to invite the Senator's attention to a memorandum of the auditor of the Treasury Department on a review of this case dated November 28, 1921.

Mr. HASTINGS. May I inquire the page?

Mr. CLARK. Page 200. It was "blue pencil 35", which the Senator had in his possession throughout this hearing, and which he was not fair enough to put in the Record, which was introduced into the record by counsel for Mr. Helvering, and which now appears on pages 206 and 207 of the record. This memorandum in the last paragraph reads as follows. It is a memorandum of the auditor of the Treasury Department on a review of the *Slim Jim Oil Co.* case. I quote from the memorandum:

As the taxpayer's income has been abnormally increased by the sale of its capital assets and in consequence appears to be disproportionate to its invested capital, the taxpayer is evidently entitled to relief under section 210.

Precisely the section mentioned by Mr. Helvering.

Providing adequate relief cannot be granted under article 63, regulations 41, of a paid-in surplus at time of organization based upon a proven field, or a discovery.

Then follows the tabulation, which shows the basis upon which the settlement was arrived at.

Mr. HASTINGS. I shall let the Senator answer in his own time. My own understanding of that paper is that it does not say at all that it was settled under section 210, but it goes on and gives the details as to how it was settled. But assume, if you please, that it was settled under section 210, the thing Mr. Helvering undertook to convince the committee of toward the last was that he had been deceived because it was not settled under section 210, and that is what he meant when he was complaining about the books having been padded, and about his having been deceived by this auditor of the corporation. So that whatever way you look at it, whether it was under section 210 or whether it was not, I insist that we are entitled to believe that Mr. Helvering deliberately intended to deceive this committee by what he suggested with respect to these books.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. HASTINGS. I yield.

Mr. BARKLEY. The Senator from Delaware will admit, I presume, that the testimony on the part of Mr. Helvering which the Senator is now criticizing was answers given by him in response to questions propounded by the Senator himself, based upon a report 14 years old which Mr.

Helvering had never seen, had never known was in the Treasury Department, and which was turned over to the Senator by some underling in the Treasury Department and used by him as the basis for his attack upon Mr. Helvering, without even giving Mr. Helvering the right or the courtesy of looking at that report, or being advised of its contents before he was cross-examined upon it.

Mr. HASTINGS. I do not know whether the Senator from Kentucky would call Mr. Gibbons, of the Treasury Department, an underling or not. My recollection is that he is one of the Assistant Secretaries of the Treasury, and the Senator may call him an underling if he cares to. In further reply to what the Senator says, I want to say that Mr. Helvering, before he gave this testimony about which I am complaining, spent nearly the whole day in my office; and I gave him a private office, with the full record before him, so that he might take out of it whatever he pleased and use it in any way in which he saw fit to use it.

Mr. BARKLEY. The Senator does not claim that he showed this report to Mr. Helvering before the first day's hearing before the full committee?

Mr. HASTINGS. That is quite true; but what I am now talking about is the testimony that was given by Mr. Helvering after he had a full opportunity to fully examine the report.

Mr. BARKLEY. Mr. President, will the Senator yield further?

Mr. HASTINGS. I yield.

Mr. BARKLEY. Both in the beginning and in the later hearing of Mr. Helvering, did he not contend, from the very start, and does he not now contend, that the basis of the settlement of the *Slim Jim Oil* case, was section 210? Has he ever in any way, directly or indirectly, stated any other contention than that it was settled under section 210, and that he did not know what the calculation would result in, so far as taxes were concerned; that he was fighting for a principle before the Treasury Department; that he was contending that they had a right to settle it under section 210, and they agreed to settle it under section 210, and after they agreed to do that it was a matter of calculation as to how much the tax was, and he left, and paid no more attention to it; that after they had made the calculation they wrote a letter to the Slim Jim Oil Co. fixing \$449,000 as the tax, and they sent a letter to Mr. Helvering, calling his attention to the fact that that was the tax calculated, and that they intended to pay it, and that they did pay it, and afterward, when the Treasury reopened the case and the Slim Jim people appealed to Mr. Helvering to represent them again, in the reopening he discovered that they had not made their return upon what he understood was their agreement under section 210, and because of that he refused to have anything more to do with it?

Mr. HASTINGS. Mr. President, in reply to the Senator I will say that I read the explanation given by the chairman of the committee, which was the explanation which had been given to him by Mr. Helvering about this case, in which nothing was said about section 210. I have read verbatim from the report as to what he said when he first came before the committee, when he was asked with respect to this case, and he distinctly stated that this company, which had been discredited by the Internal Revenue Department because of its action—he distinctly stated that that company, with the cooperation of the officers of the company, had padded the books of the corporation, which permitted him to make this settlement of \$459,000. He said nothing in that instance with respect to section 210, and when he did mention section 210, he undertook to give the impression to the committee that the settlement was absolutely correct, that there was nothing to complain about, because they had settled under section 210. That was his prepared statement. Then when I asked what he meant when he said that these books had been padded by this firm, and what he meant by saying that the firm had juggled the account—he had said it was settled under section 210—he undertook to say that after he left the case these people, together with somebody in the department, had settled it in an entirely different way.

Further along in the same testimony Senators will find this very significant fact. They will find him saying that the reason why he refused to take this case when it was offered to him the second time was that he had gone to the Department and found that instead of it being settled under section 210, it was settled in some other way. He says that is the way he found it, but in his prepared statement he makes no such statement as that. He insists, in his prepared statement, that it was properly settled under section 210, and calls our attention to the fact that Darnell gave an order that it should be settled under section 210 as further evidence that he was correct in saying that it was settled under such section.

Mr. President, I desire to call attention to another matter. On page 202 of the record I find this:

Senator BARKLEY. And later the company sent you a letter which they received from the Treasury?

Mr. HELVERING. No; they did not send me the letter. They wrote me it was satisfactory and they were going to settle it. I might say that we had a long fight to try to make this on the basis of a 1916 sale.

A long fight of 10 days, bearing in mind what he said in this record in more than one instance, that it was only 10 days from the time they arrived until he got a settlement. That was a long fight he had.

This man Titus agreed if they could settle for the amount of money they had on hand they would settle it.

Mr. President, in his statement in the first instance he said:

They came up, and of course I intended to continue to fight the case out for them.

But before that he said:

We fought that through the Department, through the advisory committee, and it was fixed at a certain amount along about that figure.

That was his first talk. I want to call attention to the fact that in the second examination he had been sworn, and I want Senators to bear in mind this testimony of a man who is intelligent enough and honest enough to occupy the position to which he has been nominated. I want them to listen to this particular testimony, found on page 203 of the record:

Senator HASTINGS. You say here that you fought that through the Department through the income tax or advisory committee. Who were they?

Mr. HELVERING. I do not know, sir.

Senator HASTINGS. Was not there an advisory committee?

Mr. HELVERING. It was set up as a kind of appeals committee, I think. I think this case went to the Solicitor, if I recall correctly.

Senator HASTINGS. Mr. Titus, Mr. Darnell said he had authority to settle it, and Darnell settled it.

Mr. HELVERING. Yes, sir.

Senator HASTINGS. What do you mean by advisory committee?

Mr. HELVERING. It was a committee that had these special cases.

Senator HASTINGS. Can you name a single member of that committee?

Mr. HELVERING. No, sir.

Senator HASTINGS. You cannot remember a single one?

Mr. HELVERING. No, sir.

Senator HASTINGS. How many were on the committee?

Mr. HELVERING. I do not recall about that.

Senator HASTINGS. Were there as many as half a dozen?

Mr. HELVERING. I do not remember.

Senator HASTINGS. Were there as many as a dozen?

Mr. HELVERING. I don't know.

Senator HASTINGS. Were there as many as 25?

This man, on his oath, this man whom we are asked to confirm as the Commissioner of Internal Revenue, intelligent enough and honest enough to be in that position, gave this kind of answers:

Were there as many as a dozen?

I don't know.

Were there as many as 25?

I don't know.

Were there as many as 50?

Then the Senator from Kentucky [Mr. BARKLEY] broke in with this question.

"You do not think there were over a thousand, do you?"

And we got a definite answer, "No."

Mr. JOHNSON. Mr. President, will the Senator yield?

Mr. HASTINGS. I yield.

Mr. JOHNSON. Simply that I may understand the reason, will the Senator explain the difference between a settlement under section 210 and a settlement under section 216½, or any other numbered section of the particular act? I cannot quite follow why a grave difference exists between a settlement under one section and a settlement under another section.

Mr. HASTINGS. I promised the Senator from Michigan to try to explain that, and if I can find it, I will let Mr. Helvering, the tax expert, explain it.

Mr. McNARY. Mr. Helvering, the tax expert?

Mr. HASTINGS. Yes; he posed as an expert. However, I know enough to explain in a general way what the difference was.

Under section 210 it was possible, in extraordinary cases, to compare the income of a particular company with incomes of companies doing a like business, and in that way, as I understand it, the Government was given authority to fix a lump sum for that particular year instead of figuring the tax upon the income that was actually received by the company.

Mr. President, when Mr. Helvering was testifying before the committee he was asked with respect to the amount of fees in the *Slm Jim Oil Co.* case, and he stated that his record showed—he was quite well satisfied—that there was a fee of \$25,000; that his record showed that he got \$14,500, and that the other \$10,500 must have been paid to Washington, Henry & Co. His attention later was called to the fact, however, that Washington, Henry & Co.'s books showed that they received in that case only \$2,500. So that on the last day Mr. Helvering brought his income tax for the next year, 1920, which showed that he received an additional fee of \$8,000, which, together with the \$2,500 Washington, Henry & Co. had received, and that which he had previously reported, made up the difference of \$25,000.

I merely mention that to show that, although this was the second case which this lawyer had after he had retired from Congress, a case in which there was involved \$25,000, and in which he got \$22,500, he could not remember without going back to his books how much of that fee he received for himself, and he left the committee with the distinct impression, in the first place, that there was only one \$14,500 received by him. It makes no difference at all, of course, from my point of view, whether he received \$14,500 or whether he received \$22,500; but it does make a tremendous difference as to whether or not this nominee, who is seeking confirmation at the hands of the Senate, was deliberately and intentionally deceiving the Senate with respect to this important question or any other question about which we were inquiring.

Another thing. It will be found in the record that he said that he had heard some Senator had stated that he received during a few months the sum of \$200,000 in the way of fees, and he laughed that off by saying that was absurd. He proceeded to give for the record what his actual fees were for a period of 5 years, and the junior Senator from Virginia [Mr. BYRD] promptly added that up and said, "For a period of 5 years you received \$123,000." Mr. Helvering said, "That is correct." There is no particular point about it, except when he was urged to bring his books here we found that in 1 year he received, according to his tax returns, \$119,000, and then he excused what he had said to the Senator from Virginia by saying that he was referring to the net tax that he paid to the Government and not to the net fees he received, because he admitted that in one of those years he had deducted more than \$30,000 as a loss upon some other transaction. I merely call attention to that to inquire whether or not when he was before the committee he was fair with the committee; whether he was giving to the committee his honest and best judgment as to what happened.

This man is a trained lawyer. He ought to know that unless he remembered and could tell now what happened some 12 or 13 years ago he ought in some way to have quali-

fied his answer. In many instances he did not qualify his answers at all, but spoke as positively as though the event happened yesterday. Then, when he came before the committee the next time, and was presented with some other complicated situations, from his point of view, he immediately changed front and modified his previous statement and told an entirely different story.

Mr. LONG. Mr. President—

Mr. HASTINGS. I yield to the Senator from Louisiana.

Mr. LONG. If I understood the Senator, he stated that Mr. Helvering, when asked if he had made \$200,000 in 1 year, said that was absurd. Then, the books later showed he had made a net sum of \$119,000. Is that what the Senator said?

Mr. HASTINGS. Yes; in 1 year.

Mr. LONG. With a gross of \$200,000 and a net of \$119,000, it appears that his answer was somewhere about right, does it not?

Mr. HASTINGS. If the Senator will look at the record, page 213, he cannot possibly come to the conclusion that at the time he made this statement to the committee he did not intend to give the impression that \$123,000 was the total sum he had collected from his professional practice during that period of 5 years. One cannot possibly read the record and reach any other conclusion. Later, when he was confronted with his tax statement, which showed that in 1 year he received as much as \$119,000, then he modified his previous statement and said he was talking about the net that he paid to the Government.

Mr. President, I must not take any longer on that particular case. I want to say to the Senate that so far as I am concerned I should not have been able to have found in the *Slim Jim Oil Co. case* sufficient evidence against Mr. Helvering to complain at all, except for his own explanations and his own contradictory statements every time he came before the committee. My own theory is that when he told the chairman that this arose out of a padded book account by the firm that he was repudiating, at that time he believed that that would be the end of it. When he came before the committee and made the same statement to the committee that he was imposed upon by the auditing firm and by the officers of the corporation he again expected that to be the end of it, but when we attempted to examine witnesses and to call witnesses here it was entirely a different story and he found a different way to excuse himself, namely, under section 210.

What happened, Mr. President, with respect to this man Washington whom he had repudiated and who, he stated, had imposed upon him so that the Government had lost nearly \$800,000 by the settlement? What happened? When Washington was subpoenaed to come to the city of Washington on a Tuesday he got here on Monday morning, and the first thing he did was to go to the Washington Hotel, to Mr. Helvering's room, where all the testimony was gone over in which he was interested or about which he was to testify. I asked Mr. Washington why he did that, and this man whom Mr. Helvering had undertaken to brand as the man who had been responsible for the Government losing thousands of dollars, and who went to Mr. Helvering, the man by whom he had been branded, he said, "I was a friend of his, and I saw by a Kansas newspaper where he was in trouble about his nomination, and I was anxious to go to see what I could do to help him."

Mr. CLARK. Mr. President, will the Senator yield?

Mr. HASTINGS. In just a moment. And what does Mr. Helvering say with respect to it? Helvering says he came; that is true. "I telegraphed him or telephoned him and tried to find him; I tried to find somebody else, the president of the company, and could not do it, so I got in touch with Washington. I did not ask him to come to my hotel, but he did come." What happened when he came? "He hopped on to me," he said, "for making the statement that he, Washington, had padded the books and the Government had thereby lost large sums of money." I now yield to the Senator from Missouri.

Mr. CLARK. Mr. President, the Senator certainly does not intend to leave the Senate under the impression that Mr. Helvering was trying to get in touch with Mr. Washington for the purpose of having him come before the committee and testify in accordance with that conversation, when Helvering specifically explained in the record that his purpose in trying to get in touch with Mr. Washington was to find certain records that he thought might be in his possession; and Mr. Washington did not testify before the committee that he had seen in the newspapers about Mr. Helvering being in trouble, and was anxious to come here and help him. He testified that he went to see Mr. Helvering because he had read in the newspapers certain statements that Mr. Helvering had made about him, at which he was indignant. The impression the Senator is seeking to leave with the Senate of a conference between Mr. Helvering and Mr. Washington for the purpose of fixing up the testimony is not only unwarranted by the record, but is deliberately in the face of the record.

Mr. HASTINGS. All right. I will tell the Senator the impression I want to leave with the Senate. I want to leave with the Senate the impression that this kind of testimony left on me. I obtained the distinct impression that all this stuff that he was saying about Washington padding the books was pure bunk, and that is shown by the fact that when Washington, whom he had condemned before the committee, reached the city of Washington, he not only was not unfriendly with him, but he went to Helvering's room at the Washington Hotel as soon as he could, for the purpose of seeing whether or not he could do anything to help Mr. Helvering in this situation. That is the impression I desire to leave with the Senate; and if that impression be true, if I am correct in my interpretation of the incident, I respectfully submit that this man is wholly unfit for this important office.

Mr. HATFIELD. Mr. President, what happened on the reopening of the case?

Mr. HASTINGS. As to the reopening of the case, Mr. Titus said that when he found this case was to be reopened he was living in the State of California. He also stated that at the time he settled it he had a definite, fixed understanding with Mr. Darnell that, under no circumstances, should it be reopened. When he found the case was to be reopened, he sought Mr. Helvering's advice as to what he should do, and Mr. Helvering suggested to him that he secure additional counsel. Following that advice, he came here and saw a Member of Congress, a friend of his father. That Member of Congress, whose name he gave, and whose name I do not now recall, said that he would think it over until the next day. The next day he suggested that he get Mr. Colladay and Mr. Gann, because he believed this was a political case, and he suggested that those lawyers be employed, to see if they could readjust the case. That course was followed; there were some such adjustments whereby a compromise was reached, and they paid, as I recall, something like \$200,000 or \$250,000.

Mr. HATFIELD. That was in addition to the other amount?

Mr. HASTINGS. That was in addition to the \$459,000 which had been paid.

Mr. BARKLEY. Mr. President—

Mr. HASTINGS. I yield.

Mr. BARKLEY. The Senator could not remember the name of the Congressman to whom Mr. Titus went. I think it was the Honorable J. M. Tincher, ordinarily known as "Poley" Tincher, of Kansas, and it was suggested, I believe, by Mr. Tincher, that Mr. Gann, who was the brother-in-law of the Vice President, or of the Senator from Kansas at that time, and Mr. Colladay, who was the Republican national committeeman from the District of Columbia, should be employed as attorneys.

Mr. HASTINGS. Mr. President, I desire now to go to the one case that attracted my attention when I read this report. It is known as the "*Trapshooters Oil & Gas Co. case*." I desire first to read from the report of Mr. Partridge,

on page 8 of the record, one of the old employees of the Department. I read from this report because it gives some of the history of that case. After reciting the facts, he says:

The foregoing is another fishy transaction, comment upon which would seem to be superfluous. The taxpayer corporation at the time of dissolution set aside \$25,000 to pay the income and excess-profits tax believed to be due, and after the lapse of months urged the Department to take the entire amount and close the case. An examination had been made by an internal-revenue agent who recommended \$160,365.35 tax, but the result of his examination was not made known to the taxpayer at the time. Presumably the field agent's report was audited and carefully reviewed in the Bureau by men qualified to pass upon cases of the character. Some time after the corporation offered the Government the \$25,000 it received notice that the tax due from it was something over \$152,000. The officers of the corporation then retained Harry Washington and Guy Helvering, who, after getting the secretary-treasurer to come to Washington for the purpose of a hearing, brazenly attempted to hold him up for \$10,000 in addition to the retainer agreed upon. Falling in this purpose, and with full knowledge that the Bureau had fixed the tax at more than \$152,000, Helvering drew up a contract which he and Mr. Edgecomb, the secretary-treasurer of the corporation, signed, under the terms of which Helvering was to receive "an amount equal to the amount by which the tax finally assessed against the said Traphshooters Oil & Gas Co. is less than the sum of \$25,817.50", and then had a hearing before Mr. Powell, natural resources section, as the result of which the tax was reduced to \$7,258.27. That is what the Government ultimately received out of an original claim of \$160,000. Counting their retainer, the "tax experts", Washington and Helvering, received about \$19,000.

Mr. CLARK. Mr. President—

Mr. HASTINGS. I yield to the Senator.

Mr. CLARK. Does the Senator make any contention that that settlement was not a proper one?

Mr. HASTINGS. I do not know that I do. I do not think there is any evidence of it.

Mr. CLARK. I will ask the Senator if it is not a fact, as shown by the record, that that case has been three times reviewed by the Treasury Department and the settlement found to be correct?

Mr. HASTINGS. I do not remember the number of times; but it is not what was actually done that I complain about; it is what Helvering tried to do that I complain about.

Mr. CLARK. As a matter of fact, what the Senator really complains about is the fact that Mr. Helvering has been chairman of the Democratic State committee in Kansas?

Mr. HASTINGS. That is not true at all. I do not care what his political position was; I have no prejudice against him because he is a Democrat; the present administration is entitled to have a Democrat in that position; but I insist that, with all the good Democrats there are in the country, who are capable and honest, no effort should be made to try to impose this man upon the Senate and the country.

Mr. CLARK. The Senator, having been one of the instruments in imposing Mr. Robert Lucas on the country as Internal Revenue Commissioner, would doubtless be very much concerned about the character of man at the head of the Internal Revenue Bureau.

Mr. REED. Mr. President—

Mr. HASTINGS. I yield to the Senator from Pennsylvania.

Mr. REED. The thing that struck me about the *Traphshooters* case was that with an assessed tax of \$153,000 these people came down to Washington on a Sunday, and at the very first meeting with Helvering he agreed to go ahead with the case, and made a written contract with them by which his fee was to be the difference between the final tax and \$25,000. In other words, he had to reduce that tax from \$153,000 down to \$25,000 before he began to get a cent.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. HASTINGS. I yield.

Mr. BARKLEY. I call the attention of the Senator from Pennsylvania to the fact that there was subsequent testimony with reference to that matter to the effect that there was a good deal of parley back and forth between those parties as to the fee. At first he demanded a straight fee of \$10,000. There is no dispute about that. Whether the first conversation occurred in Washington or in Wichita, Kans., I think, is of no consequence, but after parleying back and forth and disputing about the amount of the taxes assessed

and the amount of money they had set aside to pay the tax, and after Mr. Helvering had demanded a straight fee of \$10,000, they finally agreed to pay him \$2,500 as a retainer, which they did, and compromised the rest by agreeing to pay him whatever he might save out of the \$25,000 they had set aside for the tax.

Mr. REED. Let me start again, because the way that was done formed an impression in my mind that Mr. Helvering had some sort of inside track at the Bureau of Internal Revenue which we could not discover but which was not creditable.

Here is what he did. He did get the \$2,500 retainer; that is true. When these people came from Kansas to Washington on a Sunday, the first thing Helvering said was, "You have got to have an expert appraiser to make an affidavit as to the value of this oil property at the time of the discovery of oil. I know a man in New York who will make that affidavit, only you will have to pay him \$10,000 for doing it." The client said, "I am not such a sucker as that. I will not do anything of the sort." They had a little wrangle about it there on Sunday morning.

Mind you, Helvering knew nothing about the case. He said the facts would have to be developed through an expert, but that being so, on that same Sunday he made a written contract by which his compensation, over and above the small retainer, depended entirely on his cutting down the tax to one sixth of the assessed amount. He must have known that it was possible for him to accomplish that in the Bureau. He could not have known the facts, because he said himself that he had to hire \$10,000 worth of experts to get the facts. Then he told us, when his client would not agree to that, that he had a sort of tame expert in his office who was paid a monthly salary and that he sent him to Kansas to make the appraisal.

Mr. CLARK. Mr. President, will the Senator from Delaware yield for the purpose of making a correction? The Senator from Pennsylvania evidently was not at the hearing.

Mr. REED. I was at a good many of the hearings. That is the story he told at a hearing at which I was present.

Mr. CLARK. I should like to call the Senator's attention to the fact that when this man Edgecomb appeared before the committee in his own proper person, three times he testified, until his memory was finally refreshed by the Senator from Delaware that Helvering sent this man from Washington to make the investigation, which perfectly corroborated Helvering's own testimony; that he first charged a fee of \$10,000 which would include the services of an engineer that Helvering had permanently retained in his own office.

Mr. REED. I do not care where the expert was or what fee it was Helvering demanded. What I say is that there is something very "fishy" about a lawyer who says he needs an expert to find the facts and, without waiting for anybody to find the facts, makes an agreement that will give him next to nothing unless he cuts the tax down below \$25,000.

Mr. CLARK. I should like to call the Senator's attention further to the fact that he is in error, as shown by later testimony before the committee, in his statement that Mr. Helvering at the time of the Washington conference at the Washington Hotel knew nothing about the case, because the record shows, corroborated by Mr. Edgecomb, that in that conference at the Washington Hotel Mr. Helvering was with them and there was advised of the whole case and there tried to make a contract.

Mr. HASTINGS. I want to say to the Senator from Pennsylvania that what the Senator from Missouri says is correct, but I want to say also that any person could find in this record, with respect to what Helvering said about the *Traphshooters* case, anything that he desires. In other words, he made so many statements that were false, so many statements that were contradictory, that anyone can find anything he wants in the record with respect to it.

When he first came before the committee he was advised of this affidavit from Edgecomb. Edgecomb gave the his-

tory of the company, that it had been sold out for \$50,000, and that they had set aside \$25,817.50 to pay the taxes; that he had written to Washington to know why the tax had not been settled, and within 2 weeks after he wrote the letter offering the Department \$25,817.50 he got a letter from the Department saying the tax had been fixed at \$152,000, and shortly after that Harry Washington was approached with respect to settling the matter.

The directors of the corporation, the corporation itself having been dissolved, got together and borrowed \$2,500 to pay a retainer to Harry Washington & Co. Edgecomb was not present, but they communicated with him by telephone, and he agreed to send his share of that particular \$2,500. The next he knew he was requested to come to Washington. He declined to come unless his associates in that company agreed to pay their shares of the expenses of the trip. He did come. He came with Harry Washington and they met Helvering at the hotel.

There is in the testimony, in opposition to what the Senator from Missouri has just said, a statement by Helvering himself that at that time he did not know anything about the case and had never been consulted about the case. Later he said, when his recollection was refreshed about it, that he had entered into a written contract in Kansas and that what this man Edgecomb said is not true.

In addition to what impressed the Senator from Pennsylvania, I was particularly impressed with this fact. I was impressed with the fact that, having made a contract in Washington with Helvering, this corporation that was in trouble and had this money ready to turn over to the Government, had raised \$2,500 of its own, the secretary-treasurer of the company being the one man, according to the testimony, who had the right to give a check, whose name was required on the check to deliver the amount in the bank. These two tax experts got him in this room, one of them a skilled lawyer, and the other a former employee of the Government—and by the way, he was the same man who adjusted the Slim Jim Oil Co. tax and who, when he was in the Government, had fixed it at \$1,211,000.

Then they said what? They said, "We cannot operate under the contract made in Kansas. It will be necessary for you to pay us \$10,000 more money in order that we may employ an engineer in New York who will sign the necessary affidavit." According to his own testimony he said, "I may look like a hayseed, but you cannot put that over on me."

The Senator from Pennsylvania attended the hearings and will remember that in the record there is a copy of the letter written by this man Edgecomb to his associates in which he set forth the original contract. He set forth the original contract to be a payment of \$2,500 in cash and a further agreement to pay another \$2,500 and in addition to that they would have 50 percent of what they could save out of the amount of money that had been set aside and deposited in the banks for this purpose. It was that kind of a contract under which Helvering said they could not operate.

Having that in mind and having this demand before him to pay the \$10,000, what did he do? He made a new contract and took a chance on getting his associates to agree with him. The record shows that they asked him what authority he had, and he explained that the corporation was dissolved and that he had drawn the contract so that every member of the board of directors would be compelled to sign it. That was the contract agreed to on Sunday morning.

Now, what happened on Monday? Washington took Edgecomb to the Department and they had a little hearing and they went on to New York. According to his own testimony, by the time he got back to Kansas the \$152,000 tax had been reduced to something like seven thousand and odd dollars.

What does Mr. Helvering say when confronted with that? When he was asked the question about the engineer what did he say? Senators ought to read the record to see what he said. He said, "That was not my policy at all." Then he went on to say why it was necessary to employ an engineer, and he gave as the reason that it was not true that

he had his own engineer, employed by him, and paying him a monthly salary. On page 17 of the hearings he gives a history of the case, showing why it was necessary to have an engineer examine the property. He said:

The Traphshooters Oil Co. was a company that brought in the biggest gusher that was produced in Kansas. It was a surprise to them, as everybody else, and they had no pipe-line connections. They made temporary receptacles out of earthwork for the oil, ran the well for some 40 days, and then had to shut it down. After shutting it down the oil well went to salt water, and that was the end of this big gusher. There was an adjustment of taxes on the matter of what they had actually taken out of the well and what they had paid for expenses.

Then I asked him the specific question, "As a matter of fact, was there any physical examination made?" He said positively there was. The Senator from Mississippi [Mr. HARRISON], the chairman of the Finance Committee, was impressed with the fact that it did not make very much difference whether it was a New York engineer or whether it was a Washington engineer, because on the last day he asked Edgecomb the question. But he had not read the testimony given before the subcommittee in which Helvering said no engineer was employed at all, not his own engineer, not a New York engineer, but no engineer was employed at all. He said it was not an engineer's job. That is his own testimony in this record. That is what he said about it. The Senator from Mississippi was impressed with the idea that it did not make much difference, that he might very well have gotten mixed; that whether it was an engineer in New York or an engineer in Washington did not make any difference. He asked the question, and I had to call his attention to the fact that at a meeting of the subcommittee he denied that he employed an engineer on this job at all, or that the job required an engineer in any of its aspects.

Mr. REED. Mr. President, may I ask the Senator a question?

The PRESIDING OFFICER. Does the Senator from Delaware yield to the Senator from Pennsylvania?

Mr. HASTINGS. I yield.

Mr. REED. Is it not correct that in the hearing before the full committee he testified that he sent his Washington engineer to Kansas to make an examination?

Mr. HASTINGS. That is true.

Mr. REED. And then before the subcommittee he testified, also under oath, that he did not have anybody go to Kansas or have any examination made.

Mr. HASTINGS. That is exactly true. When he testified before the full committee when the Senator from Pennsylvania was present, he stated definitely that he received as his fee in the case \$10,000 for himself and his engineer. When he came before the subcommittee he admitted the amount that he received was more than \$18,000 and that he was mistaken with respect to the fee, mistaken with respect to employing an engineer, and that it was not an engineering job.

Mr. REED. I can understand that a man could forget a good many incidents after a dozen years; but one thing in his testimony stuck tight in my craw, and that was his testimony about his fee arrangement in this case with Washington, Henry & Co. He told us in my hearing that his relations with them were substantially like those with any other client. Sometimes he got a straight-out lump-sum fee; sometimes he worked on a contingent basis.

Mr. HASTINGS. And, just there, did not the Senator get the distinct impression that he paid Washington, Henry & Co. for the auditing work that they did in all the cases they sent to him?

Mr. REED. I got that impression; yes; but I do not remember his words. Then subsequently it was brought out that he had a contract with Washington, Henry & Co. by which he split his fees on a fixed percentage basis with them, all in writing. First the contract was that 33 1/3 percent of all that came from the clients went to Helvering, and 66 2/3 percent to Washington, Henry & Co. Later, that was changed so that Helvering got 40 percent. Throughout his long dealings with that firm, however, all these cases

were governed by that written contract for splitting the fees with them. He could not have forgotten that; and when he told us the contrary, as he did in his first testimony, he must have been consciously trying to deceive the committee.

Mr. HASTINGS. Mr. President, there are numerous instances like that in this record, where he said one thing at one time and said another thing at another time. I respectfully submit that you cannot get out of this record a story made by him solely upon his testimony, and ascertain from it what the true facts are.

Clark R. Edgecomb was brought here from California. He was put upon the stand without any inquiry at all being made of him, so far as I know, with respect to this case. In order that his recollection might be refreshed, I read to him this affidavit that he was supposed to have made. His recollection was that he did not make an affidavit, but that he did make a statement a year or two afterward.

I read Mr. Edgecomb a copy of the letter that he wrote his associate, and I asked him specific questions. He went into detail then. He spoke about this contract that was made in the hotel, and said Washington wrote it by hand; and he did not remember having taken a copy of it himself, but he remembered distinctly that on that Sunday morning it was written by hand. I asked him about the question of the engineer and the \$10,000. He said, "I could not forget that. It made a lasting impression upon me. The question of the \$10,000 and the engineer from New York made a great impression upon me and I could not be mistaken with respect to that"; and you cannot point out anywhere in it where Edgecomb could possibly be prejudiced. Toward the end of his testimony he said he had no complaint to make; that he was not complaining now. He said, "They charged me a fee. We paid the fee. We got results, and I have no complaint to make about it."

Mind you, Helvering never went to the Department at all on this case, according to the testimony, except Helvering's testimony, and he says he cannot give any details. He said he may have gone a half dozen times; but there is in the record a statement made by Powell, directed to Mr. King, and a memorandum written, saying, "I have concluded to settle this case upon the figures submitted by Mr. Washington." That substantiates Edgecomb's statement that Washington went to the Department with him to see Powell, and that they settled the case then and there, and that, as the Senator from Pennsylvania points out, they must have known at the time they made this contract that this \$152,000 could be reduced, or they would not have made the kind of contract they did and would not have got the thing over as quickly as they did.

Mr. President, it is necessary to read this testimony carefully if we are to get out of it all there is in it that is objectionable. I submit that, if we were sitting as a jury and could hear the testimony given by this man, we would be bound to reach the conclusion that we would have to decide the case without considering the testimony given by him. I repeat that, so far as the *Slim Jim Oil Co. case* is concerned, I would have had no particular complaint against him if I did not have almost a half dozen contradictory explanations made by him as to his conduct in that particular case.

Mr. President, the committee decided that we should not go into the question of other objections that have been made, and are in the record, relative to this appointment. We had letters complaining that as chairman of the Democratic State Committee of Kansas Mr. Helvering was guilty of compelling 5 percent to be contributed by the officeholders for the benefit of the Democratic Party; that no accounting was ever made of that sum; that he was guilty of selling post offices while he was in the Congress; and that he was guilty of various other things that ought to make him unfit for this place; namely, that as president of the road commission he was now being investigated, and the result of that investigation would thoroughly disqualify him for this place.

Mr. HATFIELD. Mr. President—

Mr. HASTINGS. I yield to the Senator from West Virginia.

Mr. HATFIELD. Who makes these charges?

Mr. HASTINGS. One of the allegations is made by a former treasurer of the Democratic committee, and the others are made by people that I did not know anything about; but the committee reached the conclusion that these complaints grew out of his political activities, and that it was not necessary to spend the time of the Senate in investigating those charges.

However, after that decision was reached, after I had submitted to the committee the names of the persons I desired to interrogate regarding these transactions in connection with the settlement of these tax cases, I received from Kansas an old file relative to the sale of post offices in the State of Kansas when Mr. Helvering was in the Congress. It was of such a serious character that I deemed it important that the committee investigate it. I went to the chairman of the committee and told him that I desired to have these witnesses subpoenaed, and he consented that they be included in the list.

The one complaint made was by Frederick D. Lamb, of Manhattan, Kans. Frederick D. Lamb was appointed postmaster in Kansas April 1, 1919. At the time he was appointed postmaster he was the head of the chamber of commerce of that town, composed of about 10,000 people. He was a director of the Rotary Club. He was the owner of a Democratic newspaper published semiweekly. It seemed to me, therefore, that the statements made by Mr. Lamb might be of some importance.

In this letter of Mr. Lamb's were the names of certain people that I thought it desirable to subpoena. I desire to read to the Senate a part of the letters written by Lamb to the Post Office Department. This particular one was to the post-office inspector, and was dated October 13, 1919. Here is what he says:

On August 13, 1918, examination papers were filed in Washington in the matter of post-office appointments at Manhattan, Kans. There were 14 candidates. In May 1919 I received my grading. I later learned that my markings were the highest of the candidates. I was later informed that I had been appointed postmaster. Owing to the failure of Congress to confirm appointments before adjournment of the last Congress, I received a recess appointment effective April 1, 1919. Before I received notice that I had been appointed, William Castle, of Manhattan, came to me in my office (the Riley County Chronicle) and stated that I would have to put up \$1,000 before I would receive this appointment. He did not state from whom he came or to whom the money would be paid. He came to see me to the same general effect four times and was told emphatically that there was nothing doing.

Later on he says:

He came to see me to the same general effect four times and was told that "I do not know whom you represent, but if Mr. Helvering is sending you to me, you may tell him that I said to say to him that 'he could go to hell', that there would be nothing doing."

In a statement to the First Assistant Postmaster General under date of October 13, 1919, Mr. Lamb had certain things to say which I desire to read. I will say, in this connection, that he explained why this statement was written to the First Assistant Postmaster General. He says that he received this appointment, and he received these communications from Castle and from the president of the Citizens' State Bank of Manhattan, Mr. Pratt, and he had made up his mind that he would not pay this amount and that Helvering had thereupon said to his friends that he was going to "get him", or words to that effect.

Having that in mind, he came to Washington and laid the whole matter before the Post Office Department. Subsequently he received his appointment in February 1920 and was confirmed.

In this statement he says that Mr. Pratt, the president of the Citizens' State Bank of Manhattan, informed him that Helvering wanted a certain amount of money. He continues as follows:

My recollection is that the amount named was \$1,000, although I am not absolutely sure. According to Mr. Pratt's statement to me it was intimated that the money was to be used to pay a member of the Commission for placing me at the top of the list. I refused to pay a cent, and Mr. Helvering was told I had no money. Mr. Pratt further reported to me that Mr. Helvering then asked that I make the payment monthly. I refused to do this but did offer to release Mr. Helvering from the payment of a bill for advertising, incurred during his previous campaign. Mr. Pratt reported back that Mr. Helvering stated he would not accept this, and, on the other hand, he was not through with me.

In that connection, William Castle was subpoenaed and denied that he ever had this conversation with Lamb. Pratt also appeared; but before he appeared on the stand, by cross-examination of some members of the committee it was ascertained that while he was president of the bank he was convicted of embezzlement and had served a certain length of time in prison. In his testimony he says that he did approach Lamb at Helvering's request, but, as he recollected the matter, it was for campaign purposes, and not because it was necessary to have Lamb pay that money in order to keep the post office.

There appears in this correspondence to the post-office inspector, however—I tried to find the original papers in the Post Office Department but was told they had been destroyed—a letter which Helvering wrote Mr. AYRES, a Member of Congress from the adjoining district. Lamb explains this letter by saying that Helvering had recommended some other person, a man by the name of Frank, for the post office, and had requested Frank to write a letter to the Civil Service Commission and to AYRES, requesting that he be appointed. Frank, who was at that time friendly with Lamb, instead of mailing the letters, as he had been requested to do by Helvering, Helvering not wanting them to go through Lamb's post office, took a copy of the letter which Helvering had written to AYRES, the Congressman from the adjoining district. In this letter he called attention to the fact that Frank "is the salt of the earth, and would make an A-1 postmaster, while the man at the head of the list is a double-crosser and has handed me several packages." He admitted writing the letter, and insisted that he had had no trouble with Lamb. Of course, he denied that he had ever directly or indirectly requested Lamb to give him any money because of the favor of this appointment, but he insisted that he could not explain what he had meant in this letter by saying that he was a double-crosser, and that he had handed him several packages.

Mr. President, in that connection there was another letter in this file which, to my mind, was of the greatest importance, a letter written by one W. D. Vincent. W. D. Vincent was described as the president of the W. D. Vincent Hardware Co. at Clay Center, Kans. I had had a subpoena issued for him, but the witnesses who appeared here said that Mr. Vincent had died. This letter was written to Lamb. I asked that it be put into the record, but the committee would not permit it to be put into the record because he was dead. To my mind, this letter speaks a great deal stronger and more emphatically than letters which have been written since this appointment was made and have been permitted to be put into the record. Here was a man who had nothing to gain, who was not trying to hurt anybody, who was writing a friendly letter to Lamb, telling Lamb how he might be certain to secure this post office. He was replying to a letter which Lamb had written to him.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. HASTINGS. I yield.

Mr. CLARK. Does the Senator say that Mr. Lamb, after he learned of Mr. Helvering's opposition to his reappointment, deliberately entered into correspondence, on his own admission, with every sorehead he heard of in the State of Kansas who had been refused an appointment by Mr. Helvering for the purpose of finding out and getting any abuse of Mr. Helvering that he could get from any of these soreheads?

Mr. HASTINGS. Yes; but what has that to do with the matter?

Mr. CLARK. It is certainly a fine reflection on the character of letters the Senator from Delaware insists on putting into the RECORD.

Mr. HASTINGS. Let me read this letter, and see what the Senate thinks of it.

Mr. CLARK. I have heard it several times. I know what is in it.

Mr. HASTINGS. It reads:

Mr. F. D. LAMB,
Manhattan, Kans.

MY DEAR SIR: I have your letter of the 27th inst. You will find me in Clay Center all this week and next, and would be pleased to talk matters over with you any time. Will also be glad to do anything in my power to help you. However, I do not know of anything I could do. I appreciate your position and think I understand where the difficulty is. I know the man you have to deal with. If he still aspires to political honors, you may bring such pressure to bear that he will hardly dare to go back on you. Otherwise there is only one thing that will count: Money. I have not the slightest doubt that if you should promise to divide the salary, the matter would be favorably settled immediately. I know by actual experience that he is that kind of a man. Purely mercenary. The dollar is the only thing he can see in politics. He is no doubt looking for a man who will divide up with him.

It is humiliating to realize that the Democrats of this district have been represented (or misrepresented) in Congress 6 years by this kind of a person. He is positively the crookedest man I ever had any dealings with. If you can convince him that he cannot afford to turn you down, you may come out all right yet.

Sorry I can offer so little encouragement. If you think of anything I can do, let me know and I shall gladly do it.

Trusting that you may be successful, I am,
Very truly yours,

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. HASTINGS. I yield.

Mr. BARKLEY. The Senator is reading now from a letter which the committee refused to allow to go into the record, because the man who is alleged to have written it has been dead for 15 years, and nobody proved that it was his letter, nobody who read it ever saw his handwriting, there is not a word of evidence in the record to show that this man wrote the letter, and the Senator himself does not know that he wrote it.

Mr. LONG. Mr. President, suppose he did write the letter; is that the kind of a case the Senator is going to try out here? This man Helvering has been in politics out in Kansas and probably had to do with hiring and firing 10,000 men. Every time he hired and fired a man, every one of them he had fired would be willing to write a letter that he was a scoundrel for firing him. I was impressed with the kind of a showing the Senator was making on the other testimony, but I do not understand that a case should be hinged on letters that people write.

Mr. HASTINGS. Mr. President, I may say that I am not certain that what the Senator says would not be correct if the whole case hung upon that single letter, or upon any other one thing that had been proved in the case, but I say that it is impossible for an unprejudiced Senate to take the combination of circumstances and the combination of cases without reaching the conclusion that this man is wholly unfit for this position.

Mr. LONG. I think that is the weakest argument the Senator can make, and I had that thought the other day during the Louderback case, where it was said, "Charge no. 1: There is nothing in it. Charge no. 2: There is nothing in it. Charge no. 3 and charge no. 4: There is nothing in them." But on the combination of "not guilty" find him "guilty." I think that is the slimmest case one can make out.

Mr. McNARY. Mr. President, will the Senator from Delaware yield to me?

Mr. HASTINGS. I yield.

Mr. McNARY. I should like to address an inquiry to the Senator from Mississippi. May we not enter into some form of agreement so that the Senate may recess at 6 o'clock and convene tomorrow morning at 10?

Mr. HARRISON. I understand there are several Senators on the other side who might desire to speak. So far

as I am concerned, I should be very glad if we could fix a time definitely for a vote tomorrow on the nomination.

Mr. McNARY. Let me suggest to the Senator that we recess at this time until 11 o'clock tomorrow, in executive session, and vote upon the confirmation of the nominee tomorrow at 3 o'clock.

Mr. BARKLEY. Mr. President, I am anxious to have this case disposed of; but if several Senators on the other side are to speak, as indicated by the Senator from Mississippi, and they are to take all the time until 3 o'clock, and then we are to vote, I could not enter into any such agreement. I want at least time enough to reply to this stuff being dumped into the RECORD.

Mr. CLARK. I desire to make a few remarks myself.

Mr. HARRISON. Mr. President, would the Senator from Oregon be willing that we recess until 11 o'clock, and that the time tomorrow be equally divided between the proponents and the opponents of the nomination?

Mr. McNARY. That is very fair. That would give each side 2 hours.

Mr. President, I propose that we recess in executive session, after we conclude the session today, until 11 o'clock tomorrow, and that we vote upon the pending nomination at 3 o'clock, the time to be divided equally between those opposing and those supporting the nomination.

Mr. BARKLEY. Does that take into account the 2 hours which have already been occupied by one opponent of the nomination?

Mr. McNARY. Certainly not. There would be 4 hours tomorrow. I thought 2 hours would be an abundance of time for the Senator and his associates.

Mr. BARKLEY. I myself think 2 hours will be all that is necessary to answer 4 hours of argument on the other side.

Mr. HARRISON. I think that arrangement will be satisfactory.

Mr. REED. Mr. President, may I suggest that in the unanimous-consent agreement the Senator from Oregon indicate by whom the time is to be allotted on each side?

Mr. McNARY. I did not indicate any individuals. I specified that it should be equally divided between those supporting and those opposing the nomination.

Mr. REED. I suppose we can agree, when the time comes, as to whether a Senator is speaking on one side or the other. Sometimes it is hard to tell. [Laughter.]

Mr. ROBINSON of Arkansas. No one ever has any difficulty in determining on which side the Senator from Pennsylvania speaks.

Mr. REED. I thank the Senator.

Mr. McNARY. I submit the request for unanimous consent.

The PRESIDING OFFICER. Is there objection to the unanimous-consent proposal offered by the Senator from Oregon? There being no objection, the unanimous-consent agreement is entered into.

Mr. ROBINSON of Arkansas. Mr. President, I suggest that the clerk proceed with the call of the calendar.

The PRESIDING OFFICER. The clerk will call the next order of business on the calendar.

DIPLOMATIC AND FOREIGN SERVICE

The Chief Clerk read the nomination of Alexander W. Weddell, of Virginia, to be Ambassador Extraordinary and Plenipotentiary to Argentina.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

That completes the calendar.

RECESS

Mr. ROBINSON of Arkansas. I move that the Senate take a recess, in pursuance of the order heretofore agreed to, until 11 o'clock a.m. tomorrow.

The motion was agreed to; and (at 6 o'clock p.m.) the Senate, in executive session, under the order previously entered, took a recess until tomorrow, Thursday, June 1, 1933, at 11 o'clock a.m.

NOMINATIONS

Executive nominations received by the Senate May 31 (legislative day of May 29), 1933

SECRETARIES IN THE DIPLOMATIC SERVICE

William F. Cavanaugh, of California, now a Foreign Service officer, unclassified, and a vice consul of career, to be also a secretary in the Diplomatic Service of the United States of America.

Bernard Gufler, of Washington, now a Foreign Service officer, unclassified, and a vice consul of career, to be also a secretary in the Diplomatic Service of the United States of America.

Louis G. Dreyfus, Jr., of California, now a Foreign Service officer of class 1 and a consul general, to be also a secretary in the Diplomatic Service of the United States of America.

UNITED STATES ATTORNEY

William A. Holzheimer, of Alaska, to be United States attorney, division no. 1, District of Alaska, to succeed Howard D. Stabler, term expired.

UNITED STATES MARSHALS

Paul E. Ruppel, of Illinois, to be United States marshal, southern district of Illinois, to succeed Charles W. Cushing, term expired.

Bertrand Money Bates, Jr., of Tennessee, to be United States Marshal, western district of Tennessee, to succeed Arthur Rogers, resigned.

PROMOTIONS IN THE NAVY

Rear Admiral William D. Leahy, United States Navy, to be Chief of the Bureau of Navigation, in the Department of the Navy, with the rank of Rear Admiral, for a term of 4 years, from the 1st day of July, 1933.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 31 (legislative day of May 29), 1933

AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY

Alexander W. Weddell to be Ambassador Extraordinary and Plenipotentiary to Argentina.

APPOINTMENT IN THE REGULAR ARMY

James Fuller McKinley to be The Adjutant General.

HOUSE OF REPRESENTATIVES

WEDNESDAY, MAY 31, 1933

The House met at 11 o'clock a.m.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Almighty God, our Heavenly Father, maker of all things, judge of all men, we beseech Thee to heal our infirmities; grant that we may love, fear, and serve Thee with all faithfulness; direct the tides of our affections, and may they rule our daily conduct. Blessed Father, accept us and, in the performance of public service, crown us with courageous perseverance. By pure motives and sincere convictions, couched in understanding, may we seek the everlasting good of our Republic and merit the esteem of our fellow countrymen. In the holy name of Jesus. Amen.

The Journal of the proceedings of Monday, May 29, 1933, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Horne, its enrolling clerk, announced that the Senate had passed, with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 5329. An act creating the St. Lawrence Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the St. Lawrence River at or near Ogdensburg, N.Y.